COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Borough of Haworth Board of Education Haworth, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

Borough of Haworth Board of Education Finance Department

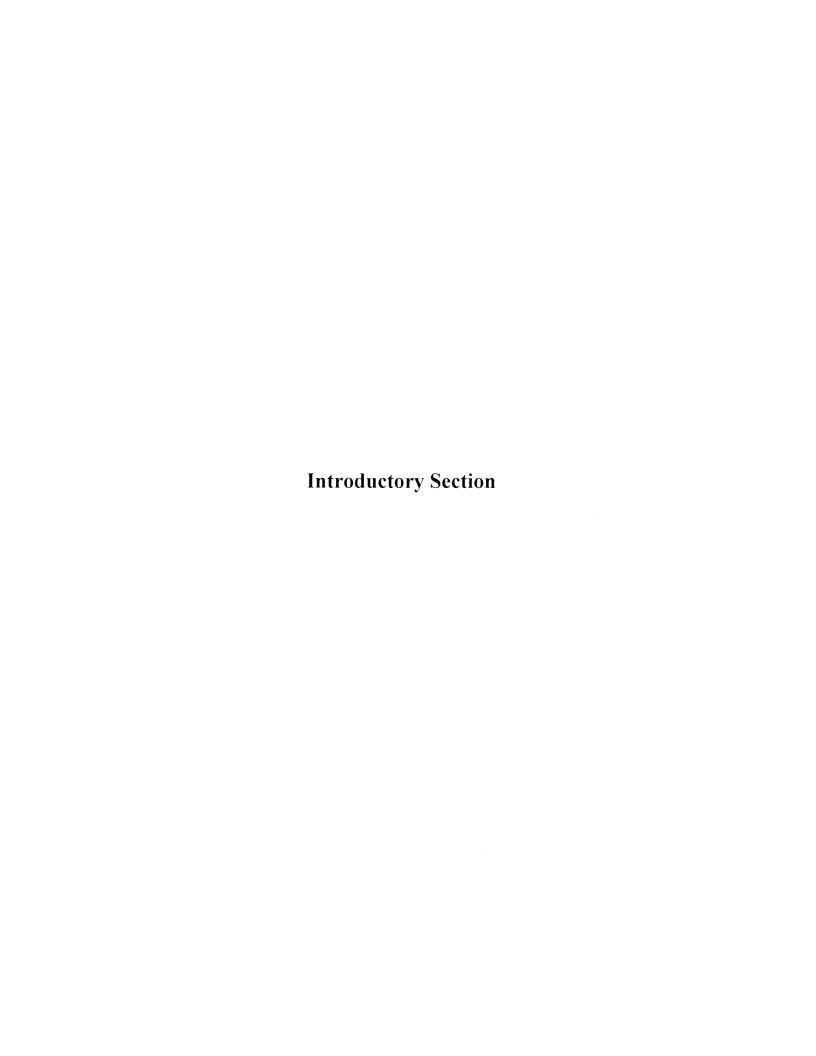


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HAWORTH SCHOOL DISTRICT

Maria Nuccetelli, Ed. D., Interim Superintendent / Board Secretary Deborah B. Jancek, Principal

December 10, 2012

Honorable President and Members of the Board of Education HAWORTH SCHOOL DISTRICT 205 Valley Road Haworth, New Jersey 07641

Dear Board Members:

The comprehensive annual financial report of the Haworth School District (District) for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the date and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) <u>REPORTING ENTITY AND ITS SERVICES</u>: The Haworth School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. The Haworth Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational, services appropriate to grade levels K through

8. These include regular as well as special education for handicapped youngsters. The district completes the 2011-2012 fiscal year with an enrollment of 438 students, which is 23 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last seven years.

Average Daily Enrollment

Fiscal	Ct. 1 - 2	
	Student Enrollment	Percent Change
2006 – 2007	528	- 3 1%
2007 – 2008	495	-6.3%
2008 – 2009	506	
2009 - 2010	487	+ 2.2%
2010 - 2011	461	-3.7%
2011 - 2012	401	-5.6%
2011 - 2012	438	%

- 2) **ECONOMIC CONDITION AND OUTLOOK**: The Borough of Haworth is a small community within the County of Bergen. Its economic condition and population is stable. No new housing developments are expected within the near future. Therefore, no substantial increase to the annual daily enrollment is expected in the short term.
- 3) <u>MAJOR INITIATIVES</u>: Students continued to score above the state and national averages on the NJ ASK tests. We have established and met our goals in technology and science, as well as in curriculum, community relations and staff development. We have a 0% drop out rate. One hundred percent of our children go on to secondary education.
- 4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal, control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) <u>BUDGETARY CONTROLS</u>: In addition to internal accounting controls, the District maintains budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund.

The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

- 6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", note 1.
- 7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues and expenditures for the fiscal year ended June 30, 2012, and the amount and percentage of increases in relation to prior year revenues.

REVENUE	AMOUNT	PERCENT OF	INCREASE/(DECREASE)	PERCENT INCREASE/
Local Sources	7,660,787	TOTAL	FROM 2011	(DECREASE)
State Sources		90.56%	(387,480)	(4.81)%
Federal Sources	785,628	9.29%	148,124	23.23%
TOTAL	12,939	.15%	(140,405)	(91.56)%
IOIAL	8,459,354	100%	A	(51.30)//

The increase in Local Sources is attributed to an increase in the local tax levy of \$285,312, and decreases in Miscellaneous Revenue of \$28,429 and Tuition decrease of

\$45,277.

The increase in State Sources is attributed to an increase in General Fund State Sources of \$36,117.

The increase in Federal/Other Sources is attributed to an increase in grant awards of \$45,995.

EXPENDITURES	AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE)	PERCENT INCREASE/
Current Expense:		And the second s	FROM 2011	(DECREASE)
Instruction	3,316,616	200		
Support	and a second contract of the second contract	39.62%	(204,371)	(5.80)%
Services	3,693,175	44.12%	(482,872)	(11.56)%
Capital Outlay	549,420	6.56%	527 105	
Special Revenue:		A CONTRACTOR OF THE PROPERTY O	537,105	43.61%
Federal	195,964	2.34%		
Debt Service:		2.3470	17,620	9.89%
Principal	443,768			
Interest		5.31%	7,088	1.62%
TOTAL	171,496	2.05%	(15,477)	(8.28)%
IOIAL	8,370,439	100%	(140,907)	(0.40)/0

8) <u>DEBT ADMINISTRATION:</u> On June 30, 2012, the District's outstanding debt included two loans and serial bonds as follows:

	OUTSTANDING LOAN AMOUNT	RATE
Small Project Loan	26.184	1 50/
Safe School Low Interest Loan	108,211	5.288%
1999 Serial Bonds	1,782,000	Various
2004 Serial Bonds	1,195,000	Various

part by state statute as detailed in "notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

- 10) <u>RISK MANAGEMENT</u>: the Board carries various forms of insurance, including but limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
- audit by independent certified public accountants or registered municipal accountants. The accounting firm of T.M. Vrabel and Associates LLC was selected by The Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
- 12) <u>ACKNOWLEDGEMENTS</u>: We would like to express our appreciation to the members of The Haworth School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the administrative support staff of the school district.

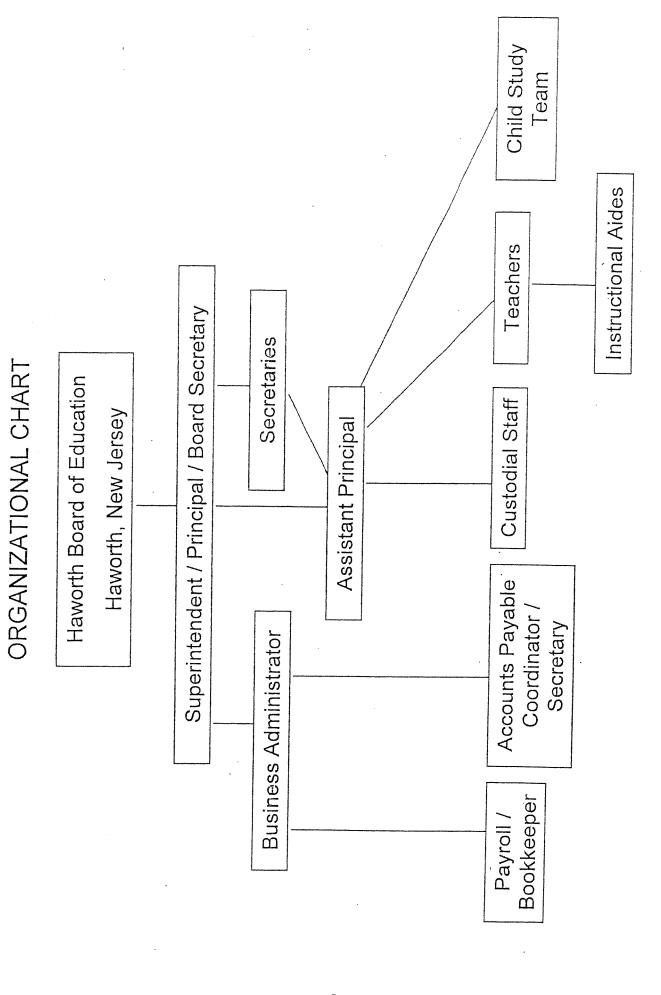
Respectfully submitted,

Maria Nuccetelli, Ed. D.

Interim Superintendent/Board Secretary

Patricia DeRiso

Business Administrator



ROSTER OF OFFICIALS November 2012

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Warren Sutnick, President	2014
Jacqueline Guenego, Vice President	2013
George Kipel	2012
Karen Leddy	2013
Anna Reduce	2014
Stacey Rosenfeld	2012
Donna Weintraub	2013

OTHER OFFICIALS

Dr. Maria Nuccetelli, Ed. D., Interim Superintendent/Board Secretary

Deborah B. Jancek, Principal

Patricia DeRiso, Business Administrator

Paul Wolford, Middle School Supervisor

Rebecca Overgaard, Treasurer

Stephen Fogarty, Esq., Attorney

HAWORTH BOARD OF EDUCATION CONSULTANTS AND ADVISORS

AUDIT FIRM

T.M. Vrabel and Associates, LLC 170 East Main Street Denville, NJ 07834

ATTORNEY

Fogarty & Hara, Esqs. 16-00 Route 208 South Fair Lawn, NJ 07410

OFFICIAL DEPOSITORY

Valley National Bank 243 Main Street New Milford, NJ 07646

Financial Section

Independent Auditor's Report



T. M. Vrabel & Associates, LLC Accountants and Auditors



Timothy M. Vrabel, RMA, PSA Chris C. Hwang, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members of the Board of Education Borough of Haworth School District County of Bergen, New Jersey

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Haworth School District of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Haworth School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Haworth School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with <u>Government Auditing Standards</u>, we have also issued our report dated October 12, 2012 on our consideration of the Borough of Haworth School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with <u>Government Auditing Standards</u> and should be considered in assessing the results of our audit.

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Email: tmvrabeldvc@optonline.net

The Management's Discussion and Analysis on page 14 through 20 and budgetary comparison information on schedules C-1 and C-2 are not a required part of the basic financial statements but are supplementary promulgated by accounting principles generally accepted in the United States of America as which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Haworth School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Timothy M. Vrabel Public School Accountant License No. CS000698

Chris C. W. Hwang Certified Public Accountant License No. CC033704

October 12, 2012

REQUIRED SUPPLEMENTARY INFORMATION - PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Borough of Haworth School District financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

FINANCIAL HIGHLIGHTS

- The District's net assets increased \$1,386,000 as a result of this year's operations. Net assets of our business-type activities increased by \$7,000, or 87.5 percent, and net assets of our governmental activities increased by \$1,379,000 or 39.6 percent.
- Total cost of all of the District's programs was \$8.135 million in 2011-2012 compared to \$8.205 million in 2010-2011.
- During the year, the District had expenses for governmental activities that were \$624,000 less than the \$9.261 million generated

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 23 and 24) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 16. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is

These two statements report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities: most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- Business-type-activities: the District has one proprietary fund for an After School Latchkey Program. This is shown on pages

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 18. The fund financial statements begin on page 27 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation on page

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for the Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 35 and 36. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

The District's *combined* net assets changed from a year ago, *increasing* from \$3.491 million to \$4.877 million. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1 Net Assets (in Thousands)

	Governme <u>Activiti</u> <u>2012</u>			ess-type <u>ivites</u> 2011		otal Sovernment 2011
Current and other assets Long term receivables Capital assets Total assets Long-term debt outstanding Other liabilities Total liabilities Net assets:	1,751 246 7,196 9,193 3,985 346 4,331	974 7,072 8,046 4,374 189 4,563		40 	1,766 246 7,196 9,208 3,985 346 4,331	1,014 - 7,072 8,086 4,374 221 4,595
Invested in capital assets, net of debt Restricted Unrestricted (deficit) Total net assets	3,365 1,357 140 4,862	2,780 556 147 3,483	15 15	<u>8</u>	3,365 1,357 	2,780 556 155 3,491

Net assets of the District's governmental activities increased by 39.6 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased by \$7,000. Restricted net assets, those restricted mainly for capital projects increased by \$801,000. Both net asset categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues. The investment in capital assets, net of debt category increased by \$585,000.

Table 2 Changes in Net Assets (in thousands)

Revenues		rnmental ivities 2011	Busines <u>Activ</u> 2012			otal Sovernment 2011
Program revenues: Charges for Services Operating Grants and Contributions General revenues: Property Taxes Federal and State Aid Interest and Investment Earnings N.J. Schools Development Authority Grant Other General Revenues	92 1,016 8,048 41 2 246	131 770 7,878 46	34 8	42	126 1,024 8,048 41 2 246	173 770 7,878 46
Total Revenues:	58	15		•	58	15
	9,503	8,840	42	42	9,545	8,882
Program expenses including indirect expenses Instruction: Regular Special Other instruction Support services:	3,879 711 191	3,876 557 194			3,879 711 191	3,876 557 194
Tuition Student and instruction related services School administrative services General and business administrative services Plant operations and maintenance Pupil transportation Interest on long-term debt Business-type activities:	323 1,128 286 511 813 92 165	247 1,178 229 590 965 101 196			323 1,128 286 511 813 92 165	247 1,178 229 590 965 101 196
After School Latchkey Program Total Expenses	8,099	8,133	<u> 36</u>	72 72	<u>36</u> 8,135	72 8,205
Increase (Decrease) in Net Assets	1,404	707	6	(30)	1,410	677

THE DISTRICT'S FUNDS

Governmental Activities

Table 3

Information below compares revenues and expenditures for all governmental fund types for 2011-2012 and 2010-2011.

(\$000 omitted) Revenues by Source: Local Tax Levy Interest Earned to Investments Miscellaneous Total - Local Sources State Sources Federal Sources Total Revenues	8,140 2 157 8,299 849 113 9,261	2010-2011 8,008 40 8,048 638 153 8,839	% Change 1.65% 100.00% 292.50% 3.12% 33.07% -26.14% 4.77%
(\$000 omitted) Expenditures by Function: Current: Regular Instruction Special education Other instruction Support Services and undistributed costs:	2011-2012 2,808 518 142	2010-2011 2,953 421 148	% Change -4.91% 23.04% -4.05%
Tuition Student and instruction related services School administrative services General and Business administrative services Plant operations and maintenance Pupil transportation Employee Benefits Capital Outlay Debt Service:	323 849 214 430 748 92 1,677 221	247 934 179 488 814 85 1,608	30.77% -9.10% 19.55% -11.89% -8.11% 8.24% 4.29% 1741.67%
Principal Interest on long-term debt Total Expenditures	444 171 8,637	437 187 8,513	1.60% -8.56% 1.46%

Business-type Activities

District's major Enterprise Fund consists of the After School Latchkey Program. The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 4, which demonstrates return on ending assets and return on ending net assets.

Table 4

(\$000 omitted)

	After School Latchkey <u>Program</u>
Total Assets	
Net Assets	15
Change in Net Assets	15
	7
Return on Ending Total Assets	46.67%
Return on Ending Net Assets	46.67%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
Table 5

Capital Assets at Year-end (Net of Depreciation, in thousands)

	Govern <u>Activ</u> 2012			ess-type ivites 2011	<u>Tot</u> <u>2012</u>	<u>tals</u> 2011
Land Land Improvements Buildings Machinery and Equipment Construction in Progress Subtotal Accumulated Depreciation Totals	1,325 9,381 283 17 11,006 (3,810) 7,196	1,325 9,199 255 5 10,784 (3,729) 7,055	- - -		1,325 9,381 283 17 11,006 (3,810) 7,196	1,325 9,199 255 5 10,784 (3,729) 7,055

The District's 2012-2013 capital budget anticipates a spending level of \$-0- for capital projects. More detailed information about the District capital assets is presented in Note III:C. to the basic financial statements

DEBT

At year – end the District had total debt of \$ 3.831 million versus \$4.275 million last year – a decrease of 10.4 percent – as shown in Table 6.

Outstanding Debt, at year -end (in thousands) Table 6

	Govern Activ	<u>ities</u>
Serial Bonds	<u>2012</u>	<u>2011</u>
Loans	3,697	4,077
Lease Purchase Agreement Temporary Notes Authorized but not Issued	134	198
Addionized but not issued	3,831	4,275

An analysis of District Debt is presented in Note III:D. to the basic financial statements.

BUDGETS

The variances between the originally adopted budget for the 2011-2012 year, and the final budget were caused by the treatment of encumbrances that are added to the original budget and the appropriation of Capital Reserve funds . In addition, the State pension payments which are paid by the State on behalf of employees are not budgeted; however they are counted as an expense in the audit...

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Haworth School District, 205 Valley Road, Haworth, New Jersey.

BASIC FINANCIAL STATEMENTS

Section A DISTRICT – WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION BOROUGH OF HAWORTH Statement of Net Assets June 30, 2012

ASSETS Cash and cash equivalents		overnmental <u>Activities</u>		siness-type Activities		<u>Total</u>
Receivables, net Interfund receivables Restricted assets:	\$	585,814.44 268,598.34 10,148.85	\$	14,690.77	\$	600,505.21 268,598.34 10,148.85
Cash and cash equivalents Capital reserve account - cash Capital assets, net (Note III:C.): Total Assets		353,508.58 779,865.14 7,195,981.67 9,193,917.02		14,690.77		353,508.58 779,865.14 7,195,981.67 9,208,607.79
LIABILITIES Accounts payable					***************************************	3,200,007.79
Bond interest payable Interfund payable Payable to federal government Payable to state government		272,524.72 60,015.51 3,574.73 38.16				272,524.72 60,015.51 3,574.73 38.16
Other Noncurrent liabilities (Note IV:B.):		10,519.00				10,519.00
Due within one year Due beyond one year Total liabilities		490,017.01 3,494,865.40 4,331,554.53				490,017.01 3,494,865.40
NET ASSETS					***************************************	4,331,554.53
Invested in capital assets, net of related debt Restricted for: Capital projects	,	3,364,586.63				3,364,586.63
Debt service Other purposes		1,066,759.34 (22,367.91)				1,066,759.34 (22,367.91)
Unrestricted	···	312,836.80 140,547.63	1	4,690.77		312,836.80 155,238.40
Total Net Assets	\$ 4	,862,362.49	\$ 14	1,690.77	\$	4,877,053.26

The accompanying Notes to Financial Statements are an integral part of this statement.

BOARD OF EDUCATION
BOROUGH OF HAWORTH
Statement of Activities
For the Year Ended June 30, 2012

		i	Program Revenues	u	Net	Net (Expense) Revenue and	ne and
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and	重	Changes in Net Assets Business-type	
Governmental activities: Instruction:					ACIVILIES	Activities	Total
Regular Special education Other instruction Support services:	\$ 3,879,062.25 711,441.02 191,061.05	, ↔	\$ 441,080.22 224,469.68 18,118.30	' ₩	\$ (3,437,982.03) (486,971.34) (172,942.75)	,	\$ (3,437,982.03) (486,971.34) (172,942.75)
Student and instruction related services School administrative services General and business administrative services Plant operations and maintenance	322,789.90 1,128,281.59 286,257.50 511,427.23 812,854.80		66,146.21 112,991.89 27,344.36 27,248.85 22.798.85		(256,643.69) (1,015,289.70) (258,913.14) (484,178.38)		(256,643.69) (1,015,289.70) (258,913.14) (484,178.38)
Interest on long-term debt Total governmental activities	92,217.17 164,642.68 8,100,035.19	92,232.68	3,782.00 72,410.00 1,016,390.36		(790,055.95) (88,435.17) - (6,991,412.15)		(790,055.95)
Business-type activities: Affer School Latchkey Program Total business-type activities Total primary government	35,605.66 35,605.66 \$ 8,135,640.85	33,940,34 33,940,34 \$ 126,173,02	8,292.08 8,292.08 1,024,682.44	, , ,	\$ (6,991,412.15)	6,626.76 6,626.76 5 6,626.76	6,626.76 6,626.76 6,626.76 (6,984,785.39)
	General revenues: Taxes: Property taxes, levied for general purpose Property taxes, levied for debt service pri Federal and State aid not restricted Investment Earnings Miscellaneous Income	neral revenues: axes: Property taxes, levied for general purposes Property taxes, levied for debt service principal ederal and State aid not restricted vestment Earnings iscellaneous Income	poses e principal		\$ 7,597,573.00 450,621.32 40,804.00 2,196.97 61,346.64	17.49	\$ 7,597,573.00 450,621.32 40,804.00 2,214.46
	Special Items: Debt Service Assessment	arrient Authority Gra	ants		246,552.00		246,552.00
	Total general revenues, special items, extraordinary items and transfers Change in Net Assets Net Assets—beginning	s, special items, ex	traordinary items and	transfers	(3,091,00) 8,396,002,93 1,404,590.78 3,457,771.71	17.49 6,644.25 8,046.52	(3,091.00) 8,396,020.42 1,411,235.03 3,465,818.23
	Net Assets-ending				\$ 4,862,362.49	\$ 14,690.77	\$ 4,877,053.26

The accompanying Notes to Financial Statements are an integral part of this statement.

Section B FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOARD OF EDUCATION BOROUGH OF HAWORTH Balance Sheet Governmental Funds June 30, 2012

ASSETS	General <u>Fund</u>	Special Revenue <u>Fund</u>	Capital Projects <u>Fund</u>	Debt Service <u>Fund</u>	Total Governmental <u>Funds</u>
Cash and cash equivalents Interfunds receivable Receivables from other governments Restricted cash and cash equivalents	\$ 548,458.26 10,148.85 22,046.34 779,865.14	\$ 38.16	\$ 353,508.58 246,552.00	\$ 37,318.02 329.58	\$ 939,323.02 10,478.43 268,598.34 779,865.14
Total Assets	\$ 1,360,518.59	\$ 38.16	\$ 600,060.58	\$ 37,647.60	\$ 1,998,264.93
LIABILITIES AND FUND BALANCES Liabilities: Accounts payable	• • • • • • • • • • • • • • • • • • • •				
Interfunds payable Payable to federal government Other	\$ 272,524.72 3,574.73 10,519.00	38.16	\$ - 329.58	\$ -	\$ 272,524.72 3,904.31 38.16
Total Liabilities	286,618.45	38.16	329.58		10,519.00 286,986.19
Fund Balances: Restricted for: Capital Reserve Account	779,865.14				
Capital Projects Debt Service Assigned to: Other Purposes			286,894.20	37,647.60	779,865.14 286,894.20 37,647.60
Designated for Subsequent Year's Expenditures	50,000,00		312,836.80		312,836.80
Unassigned Total Fund Balances	244,035.00 1,073,900.14		599,731.00	37,647.60	50,000.00 <u>244,035.00</u> 1,711,278.74
Total Liabilities and Fund Balances	\$ 1,360,518.59	\$ 38.16	\$ 600,060.58	\$ 37,647.60	
	Amounts reported for go net assets (A-1) are differ	vernmental activiti erent because:	es in the statement	of	
	Adjustment to Debt S accrual of interest exp	ervice Fund net as Dence.	sets for the		(60,015.51)
	Capital assets used in gresources and therefore of the assets is \$11,005 is \$3,809,509.43.	e are not reported	in the funds. The co	oet	7,195,981.67
	Long-term liabilities, incl payable in the current pe liabilities in the funds (se	eriod and therefore	ble, are not due and are not reported as	i s	(3,984,882.41)
	Net assets of government	al activities		<u>-</u>	4,862,362.49

The accompanying Notes to Financial Statements are an integral part of this statement.

BOARD OF EDUCATION

BOROUGH OF HAWORTH

Statement of Revenues, Expenditures, And Changes in Fund Balances Governmental Funds

For the Year Ended June 30, 2012

		General <u>Fund</u>		Special Revenue <u>Fund</u>	Capital Projects <u>Fund</u>		Debt Service <u>Fund</u>	(Total Governmental <u>Funds</u>
REVENUES									
Local sources:									
Local tax levy	\$	7,597,573,0	n 5	\$ -	\$ -		\$ 542,854.00	æ	9 4 40 427 00
Interest earned on investments	•	1,624.0		•	329.	58	Ψ 342,034.00	Φ	8,140,427.00 1,953.63
Interest earned on Capital Reserve Funds		243.3			020.	00			243.34
Miscellaneous		61,346.6	4	95,498.97	_		_		156,845.61
Total - Local Sources		7,660,787.0		95,498.97	329.5	 58	542,854.00		8,299,469.58
State sources		775,881.4		439.92	020.	50	72,410.00		848,731.39
Federal sources		12,939.00		100,025.00	_		72,410.00		112,964.00
Total Revenues		8,449,607.50		195,963.89	329.5	58	615,264.00		9,261,164.97
EXPENDITURES									
Current:									
Regular instruction		2,737,349.35	5	70,314.89					2,807,664.24
Special education instruction		437,560,46		80,497.00					518,057.46
Other instruction		141,706,06							141,706.06
Support services and undistributed costs:		.,							141,700.00
Tuition		322,789.90)						322,789.90
Student and instruction related services		831,573.82	2	17,287.00					848,860.82
School administrative services		213,882.24							213,882.24
General and business administrative services		430,439.82	2						430,439.82
Plant operations and maintenance		747,854.12							747,854.12
Pupil transportation		92,217.17							92,217.17
Unallocated benefits		1,676,738.67							1,676,738.67
Capital outlay		176,500.00		27,865.00	16,650.0	0			221,015.00
Debt service:									•
Principal							443,768.47		443,768.47
Interest and other charges		*		-			171,495.52		171,495.52
Total Expenditures	-	7,808,611.61		195,963.89	16,650.00	2 _	615,263.99		8,636,489.49
Excess (Deficiency) of revenues									
over expenditures	*****	640,995.89	********		(16,320.42	2)	0.01		624,675.48
OTHER CINANCING COURGES AND WILLIAM									
OTHER FINANCING SOURCES AND (USES)									
N.J.Schools Development Authority Grants Debt Service Assessment					246,552.00				246,552.00
Transfers in		(3,091.00)							(3,091.00)
Transfers (out)					369,829.00		329.58		370,158.58
• ,		(369,829.00)			(329.58) _	-		(370,158.58)
Total Other Financing Sources and (Uses)		(372,920.00)			616,051.42		329.58		243,461.00
Net change in fund balances		268,075.89			599,731.00		329,59		868,136.48
Fund Balance—July 1		805,824.25		_	-		329.59 37,318.01		•
							07,010.01		843,142.26
Fund Balance—June 30	<u>\$ 1</u>	,073,900.14	\$		\$ 599,731.00	\$	37,647.60 \$		1,711,278.74

The accompanying Notes to Financial Statements are an integral part of this statement.

868,136,48

1,404,590.78

BOARD OF EDUCATION BOROUGH OF HAWORTH

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2012

Total net change in fund balances - governmental funds (from B-2)

Amounts reported for governmental activities in the statement of activities (A-2) are different because: In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an addition in the reconciliation. (+) Interest paid 171,495.52 Interest accrued (164,642.68)6,852.84 Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period. Depreciation expense (80,349.64)Capital outlays (exclusive of capital lease principal payments) 221,015.00 140,665.36 Adjustment to Capital Assets in accordance with physical appraisal In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-) In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition in the reconciliation (+). (54,832.37)Payment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. Debt principal 443,768.47 Capital lease principal

> Proceeds of long-term debt Capital lease proceeds

The accompanying Notes to Financial Statements are an integral part of this statement.

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Revenues in the statement of activities which do not provide current financial resources are not

reported as revenues in the funds. (+)

Change in net assets of governmental activities

PROPRIETARY FUNDS

BOARD OF EDUCATION BOROUGH OF HAWORTH Statement of Net Assets Proprietary Funds June 30, 2012

	Business-type Activities - Enterprise Funds
ASSETS	After School Latchkey <u>Program</u> <u>Totals</u>
Current Assets: Cash and cash equivalents	<u>\$ 14,690.77</u> \$ 14,690.77
Total Current Assets Total Assets	14,690.77
NET ASSETS	14,690.77 14,690.77
Unrestricted Total Net Assets	14,690.77 \$ 14,690.77 \$ 14,690.77

Statement of Revenues, Expenses, and Changes in Fund Net Assets **Proprietary Funds** For the Year Ended June 30, 2012

	Business-typ Enterpris	e Activities - se Funds
Operating Revenues: Charges for services:	After School Latchkey <u>Program</u>	<u>Totals</u>
Program fees Donations Total Operating Revenues	\$ 33,940.34 8,292.08 42,232.42	\$ 33,940.34 8,292.08 42,232.42
Operating Expenses: Salaries General supplies Total Operating Expenses Operating Income (Loss)	6,812.36 28,793.30 35,605.66 6,626.76	6,812.36 28,793.30 35,605.66 6,626.76
Nonoperating Revenues (Expenses): Interest and investment revenue Total Nonoperating Revenues (Expenses) Change in net assets Total Net Assets—Beginning	17.49 17.49 6,644.25 8,046.52	17.49 17.49 6,644.25 8,046.52
Total Net Assets—Ending	<u>\$ 14,690.77 </u>	14,690.77

BOARD OF EDUCATION BOROUGH OF HAWORTH Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds	
	After School Latchkey	
	<u>Program</u> <u>Totals</u>	
CASH FLOWS FROM OPERATING ACTIVITIES Receipts from customers		
Payments to employees	\$ 47,617.15 \$ 47,617.15	
Payments to suppliers	(6,812.36) (6,812.36)	
Net cash provided by (used for) operating activities	(60,930.64) (60,930.64)	
the provided by (document) operating activities	(20,125.85) (20,125.85)	
CASH FLOWS FROM INVESTING ACTIVITIES Interest and dividends		
Net cash provided by (used for) investing activities	17.4917.49	
Net increase (decrease) in cash and cash equivalents	<u>17.49</u> <u>17.49</u>	
Balances—beginning of year	(20,108.36) (20,108.36)	
G ,	34,799.1334,799.13	
Balances—end of year	\$ 14,690.77 \$ 14,690.77	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 6,626.76 \$ 6,626.76	
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	\$ 6,626.76 \$ 6,626.76	
(Increase) decrease in accounts receivable, net	5,384.73 5.384.73	
Increase (decrease) in accounts payable	(00.40=	
Total adjustments		
	(26,752.61) (26,752.61)	
Net cash provided by (used for) operating activities	<u>\$ (20,125.85)</u> <u>\$ (20,125.85)</u>	

FIDUCIARY FUNDS

BOARD OF EDUCATION BOROUGH OF HAWORTH Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2012

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 46,805.24
Total Assets	\$ -	\$ 46,805.24
LIABILITIES		
Interfunds Payable Payable to student groups Payroll deductions and withholdings	\$	148.85 32,402.84
Flexible Spending	-	2,951.63 11,301.92
Total Liabilities	<u>\$</u>	46,805.24
NET ASSETS		
Held in trust for unemployment claims and other purposes	\$ -	
Reserved for scholarships		

Exhibit B-8

BOARD OF EDUCATION BOROUGH OF HAWORTH Statement of Changes in Fiduciary Net Assets Fiduciary Funds For the Year Ended June 30, 2012

ADDITIONS Contributions:	Unemployment Compensation <u>Trust</u>
Plan member	\$ 9,073.15
Board Contribution	φ 9,073.13 14,591.64
Total Contributions	
Total Additions	23,664.79
	23,664.79
DEDUCTIONS	
Unemployment claims	
Total Deductions	23,664.79
Change in Net Assets	23,664.79
Net Assets—beginning	-
	**
Net Assets—ending	\$

NOTES TO BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Borough of Haworth School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. This Statement established new financial reporting requirements for state and local governments throughout the United States. It required new information and restructuring much of the information that governments had presented in the past. The District began implementing these standards for the fiscal year ending June 30, 2004.

Other GASB Statements were also required to be implemented in conjunction with GASB Statements No. 34. Therefore, the District implemented for the fiscal year ending June 30, 2003 (or June 30, 2004), Statement No. 37 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38 – Certain Financial Statement Note Disclosures.

B. Reporting Entity

The Borough of Haworth School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary, junior and senior high schools located in ?j. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements-Government-Wide Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

<u>General Fund</u> – The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution and, excluding equipment, with County Superintendent approval.

<u>Special Revenue Fund</u> – The Special Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

<u>Capital Projects Fund</u> – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The generally accepted accounted principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

<u>Enterprise Funds</u> – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the After School Latchkey program operations.

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Appropriation of additional fund balance (Capital Reserve Account) in the amount of \$369,829.00, additional revenues in the amount of \$393.00 and prior year encumbrances in the amount of \$48,009.95 were made during the year ended June 30, 2012. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The special revenue fund had no encumbrances at June 30, 2012.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

2. Short - term Interfund Receivables/Payables

Short – term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

3. Inventories and Prepaid Expenses

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note 1: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

4. Capital Assets (Continued)

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006.

5. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note IX)

6. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note I: <u>Summary of Significant Accounting Policies (Continued)</u>

G. Assets, Liabilities and Fund Equity (Continued)

7. Long - term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

8. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note II: Reconciliation of Government Wide and Fund Financial Statements

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

"Total fund balances" of the District's governmental funds in B-1 differs from "net assets" of governmental activities reported in the statement of net assets in A-1. This difference primarily results from the long - term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Balance Sheet/Statement of Net Assets

Assets Cash and cash equivalents Receivables, net Interfund Receivables Receivables from Other Governments Restricted assets:	S	Total Governmental <u>Funds</u> 939,323.02 10,478.43 268,598.34	\$	Long - term Assets Liabilities (1)	\$	Reclassifications and Eliminations (353,508.58 268,598.34 (329.58) (268,598.34)		Statement of Net Assets Totals 585,814.44 268,598.34 10,148.85
Cash and cash equivalents Capital Reserve Account - cash Capital Assets, net		779,865.14		7,195,981.67		353,508.58		353,508.58 779,865.14 7,195,981.67
Total Assets	<u>s</u>	1,998,264.93	<u>s</u>	7,195,981.67	<u>s</u>	(329.58)	<u>\$</u>	9,193,917.02
<u>Liabilities</u>								
Accounts Payable Interfund Payables Payable to Federal Government Bond Interest Payable Other Noncurrent Liabilities	\$	272,524.72 3,904.31 38.16	\$	3,831,395.04	\$	(329.58) 60,015.51 153,487.37	\$	272,524.72 3,574.73 38.16 60,015.51 10,519.00
Total Liabilities		286,986.19		3,831,395.04		213,173.30		3,984,882.41 4,331,554.53
Fund Balances/Net Assets Net Assets								
Invested in capital assets, net of related debt Restricted for:				3,364,586.63				3,364,586.63
Capital projects Debt Service Other purposes Unrestricted		1,066,759.34 37,647.60 312,836.80 294,035.00				(60,015.51)		1,066,759.34 (22,367.91) 312,836.80
Total Fund Balances/Net Assets Total Liabilities and Fund		1,711,278.74		3,364,586.63	************	(153,487.37) (213,502.88)		140,547.63 4,862,362.49
Balances/Net Assets	\$	1,998,264.93	S	7,195,981.67	<u>\$</u>	(329.58)	3	9,193,917.02
 When Capital Assets (land, buildings, equipment) that are to be used in g constructed, the cost of those assets are reported as expenditures in governm of net assets includes those capital assets among the assets of the District as 	sental func	ntal activities are puls. However, the sta	rcha atem	sed or ent				
		of capital assets nulated depreciation	1		S S	11,005,491.10 (3,809,509.43) 7,195,981.67		
Long - term liabilities applicable to the District's governmental activities are and accordingly are not reported as fund liabilities. All liabilities - both curre of net assets.	not due an ent and lor	d payable in the cur ng - term are reporte	rrent ed in	period the				
	Serial Loans Compe	Bonds ensated Absences		\$ 		3,697,000.00 134,395.04 153,487.37 3,984,882.41		
Adjustment to Debt Service Fund net assets for the								
accrual of interest expense.				<u>\$</u>		(60,015.51)		

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note II: Reconciliation of Government Wide and Fund Financial Statements (Continued)

Explanation of Differences between Governmental Funds Operating Statement of Activities

The "net change in fund balances" for governmental funds in B-2 differs from the "change in net assets" for governmental activities reported in the statement of activities in A-2. The difference arise primarily for the long - term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

	Total	Long - term	Capital	Long - term		Statement of
Revenues and Other Sources	Governmental Funds	Revenue, Expenses (2)	Related Items (3)	Debt Transactions (4)	Reclassifications and Eliminations (5)	Activities
Local Tax Levy		-	And the Control of th	1130000110110 (1)	and Emminacions (5)	Totals
Interest Earned on Investments	\$ 8,140,427.0		\$ -	5 -	\$ -	\$ 8,140,427.6
Miscellaneous	2,196.9					2,196.9
	156,845.6	l				156,845
State Sources	848,731.3)				
Federal Sources	112,964.0) .	_			848,731
Total	9,261,164.9			-	-	9,261,164.9
Expenditures						9,201,104.5
6						
Current:						
Regular instruction	2,807,664.2	_	67,680.70	4,751.97	998,965.34	1 070 063
Special education	518,057.4	ļ	4,017.48	26,790.32		3,879,062.
Other instruction	141,706.0		4,017.10		162,575.76	711,441.
Support Services and undistributed costs:	,			538.25	48,816.74	191,061.
Tuition	322,789.9					
Student and instruction related services						322,789.
School administrative services	848,860.83		1,606.99	19,952.93	257,860.85	1,128,281.
	213,882.24		1,606.99	(2,906.55)	73,674.82	286,257.
General and business administrative services	430,439.82		4,017.48	3,552.45	73,417.48	
Plant operations and maintenance	747,854.12		1,420.00	2,153.00		511,427.
Pupil transportation	92,217.17		1,720.00	4,100.00	61,427.68	812,854.
Unallocated Benefits	1,676,738.67					92,217.
Capital Outlay			/== -		(1,676,738.67)	
Debt Service:	221,015.00		(221,015.00)	•		-
Principal						
Interest	443,768.47			(443,768.47)		
	171,495.52	(6,852.84)	-	,		164 645
Total	8,636,489.49	(6,852.84)	(140,665.36)	(300.01/.10)		164,642.
		(0,004.04)	(140,003.30)	(388,936.10)	-	8,100,035
ther Financing Uses/Changes in Net Assets:						
N.J. Schools Development Authority Grants	246,552.00					246,552.0
Debt Service Assessment	(3,091.00					
Total	243,461.00					(3,091.0
	275,701,00					243,461.0
		***************************************		-		
Net Change for the Year In the statement of activities, interest on long-term debt in the	\$ 868,136.48		\$ 140,665.36		s <u>-</u> s	
let Change for the Year In the statement of activities, interest on long-term debt in the statement of activities, interest to accrued interest is an	in statement of activities is account				<u>s - s</u>	1,404,590.78
. In the statement of activities, interest on long-term debt in the unds, interest is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expend	ne statement of activities is accrued, addition in the reconciliations. (+)	regardless of when due	. In the government.			1,404,590.78
. In the statement of activities, interest on long-term debt in the	ne statement of activities is accrued, addition in the reconciliations. (+)	regardless of when due	. In the government.			1.404,590.78 6,852.84
. In the statement of activities, interest on long-term debt in the unds, interest is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expend	the statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the interest is the amount which capital Depreciation expense	regardless of when due f activities, the cost of outlays exceeded depre	those assets is the period.		<u>s</u>	1,404,590.78 6,852.84
. In the statement of activities, interest on long-term debt in the unds, interest is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expend	the statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the interest is the amount which capital Depreciation expense	regardless of when due f activities, the cost of outlays exceeded depre	those assets is the period.			1,404,590.71 6,852.84 (80,349.64
. In the statement of activities, interest on long-term debt in the tunds, interest is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expend	ne statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the capital is the amount which capital	regardless of when due f activities, the cost of outlays exceeded depre	those assets is the period.		<u>s</u>	1,404,590.7 6,852.8- (80,349.64 221,015.00
. In the statement of activities, interest on long-term debt in the tunds, interest is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expend	the statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the interest is the amount which capital Depreciation expense	regardless of when due f activities, the cost of outlays exceeded depre	those assets is the period.		<u>s</u>	1,404,590.7 6,852.8- (80,349.64 221,015.00
. In the statement of activities, interest on long-term debt in the statement of activities, interest on long-term debt in the sunds, interest is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expend located over their estimated useful lives as depreciation expenses.	the statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the capital Depreciation expense Capital outlays (exclusive additional control of the capital outlays).	regardless of when due factivities, the cost of outlays exceeded depre	those assets is the period.		<u>s</u>	1,404,590.7: 6,852.84 (80,349.64
. In the statement of activities, interest on long-term debt in the unds, interest is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expend	the statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the capital Depreciation expense Capital outlays (exclusive additional control of the capital outlays).	regardless of when due factivities, the cost of outlays exceeded depre	those assets is the period.		<u>s</u>	1,404,590.7: 6,852.84 (80,349.64 221,015.00
. In the statement of activities, interest on long-term debt in the statement of activities, interest on long-term debt in the sunds, interest is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expend located over their estimated useful lives as depreciation expenses.	the statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the capital Depreciation expense Capital outlays (exclusive additional control of the capital outlays).	regardless of when due factivities, the cost of outlays exceeded depre	those assets is the period.		<u>s</u>	1,404,590.7: 6,852.84 (80,349.64 221,015.00
. In the statement of activities, interest on long-term debt in the statement of activities, interest on long-term debt in the statement is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expendiocated over their estimated useful lives as depreciation expensed to their estimated useful lives as depreciation expensed.	ne statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the capital Depreciation expense Capital outlays (exclusivation)	regardless of when due f activities, the cost of outlays exceeded depre c of capital lease paym	those assets is ciation in the period.		<u>s</u>	1,404,590.7: 6,852.84 (80,349.64 221,015.00
In the statement of activities, interest on long-term debt in the statement of activities, interest on long-term debt in the statement is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expendiocated over their estimated useful lives as depreciation expensed over their expensed over their estimated useful lives as depreciation expensed over their expensed over thein expensed over their expensed over their expensed over their exp	the statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the capital Depreciation expense Capital outlays (exclusive asias)	factivities, the cost of outlays exceeded depre	those assets is eciation in the period.		<u>s</u>	1,404,590.7 6,852.8- (80,349.64 221,015.00
In the statement of activities, interest on long-term debt in the description of the accrued interest is an accordance with physical approximate to Capital Assets in accordance with physical	the statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the capital Depreciation expense Capital outlays (exclusive asias)	factivities, the cost of outlays exceeded depre	those assets is eciation in the period.		<u>s</u>	1,404,590.7 6,852.8 (80,349.64 221,015.00
In the statement of activities, interest on long-term debt in the description of the accrued interest is an accordance with physical approximate to Capital Assets in accordance with physical	the statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the capital Depreciation expense Capital outlays (exclusive asias)	factivities, the cost of outlays exceeded depre	those assets is eciation in the period.		\$ \$ \$ \$	1,404,590.7 6,852.8 (80,349.64 221,015.00
In the statement of activities, interest on long-term debt in the statement of activities, interest on long-term debt in the statement is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expendiocated over their estimated useful lives as depreciation expensed over their expensed over their estimated useful lives as depreciation expensed over their expensed over thein expensed over their expensed over their expensed over their exp	the statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the capital Depreciation expense Capital outlays (exclusive asias)	factivities, the cost of outlays exceeded depre	those assets is eciation in the period.		<u>s</u>	1,404,590.7 6,852.8 (80,349.64 221,015.00
In the statement of activities, interest on long-term debt in the statement of activities, interest on long-term debt in the statement of activities, interest on long-term debt in the statement of activities, only the gain on the disposal of the statement of activities, only the gain on the disposal of the statement of activities, only the gain on the change in net statement of activities.	he statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the control	regardless of when due f activities, the cost of outlays exceeded depre of capital lease payme the governmental func und balance by the cos	those assets is excitation in the period. ents) s, the proceeds t of the		\$ \$ \$ \$	1,404,590.7 6,852.8 (80,349.64 221,015.00
In the statement of activities, interest on long-term debt in thinds, interest is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expend located over their estimated useful lives as depreciation expens Adjustment to Capital Assets in accordance with physical approach in the statement of activities, only the gain on the disposal of the man asale increase financial resources. Thus, the change in net set removed. (-) In the statement of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses, e.g., and the content of activities, certain operating expenses.	he statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the case of the case of the case of the amount which capital Depreciation expense Capital outlays (exclusive case) assets is reported, whereas in assets will differ from the change in the compensated absences (vacations) as	regardless of when due f activities, the cost of outlays exceeded depre of capital lease payme the governmental func- fund balance by the cost	those assets is excitation in the period. ents) s, the proceeds t of the		\$ \$ \$ \$	1,404,590.7 6,852.8 (80,349.6- 221,015.00
In the statement of activities, interest on long-term debt in the distribution of the accordance with physical approach of activities, only the gain on the disposal of the removed. (-) In the statement of activities, certain operating expenses, e.g. ding the year. In the governmental funds, however, expenditure to governmental funds, however, expenditure to the governmental funds, however, expenditure to the disposal of the gain of the disposal of the gain of the gain of the disposal of the gain of the g	he statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the case of the amount which capital Depreciation expense Capital outlays (exclusive capital assets is reported, whereas in assets will differ from the change in the compensated absences (vacations) as es for these items are reported in the statement.	regardless of when due f activities, the cost of outlays exceeded depre of capital lease payme the governmental func und balance by the cos	those assets is ciation in the period. ents) s, the proceeds t of the		\$ \$ \$ \$	1,404,590.7 6,852.8 (80,349.6- 221,015.00
In the statement of activities, interest on long-term debt in the distribution of the accrued interest is an accordance with physical approximate to Capital Assets in accordance with physical approximate to Capital Assets in accordance with physical approximate to Capital Assets in accordance with physical approximate asset increase financial resources. Thus, the change in net set removed. (-) In the statement of activities, certain operating expenses, e.g. eing the year. In the governmental funds, however, expenditure	he statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the case of the amount which capital Depreciation expense Capital outlays (exclusive capital assets is reported, whereas in assets will differ from the change in the compensated absences (vacations) as es for these items are reported in the statement.	regardless of when due f activities, the cost of outlays exceeded depre of capital lease payme the governmental func und balance by the cos	those assets is ciation in the period. ents) s, the proceeds t of the		\$ \$ \$ \$	1,404,590.3 6,852.8 (80,349.6 221,015.0
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In the statement of activities, interest on long-term debt in the das, interest is reported when due. The accrued interest is an Capital outlays are reported in governmental funds as expend occated over their estimated useful lives as depreciation expensed adjustment to Capital Assets in accordance with physical appropriate in the statement of activities, only the gain on the disposal of the major as a sale increase financial resources. Thus, the change in net set removed. (-) In the statement of activities, certain operating expenses, e.g., or ing the year. In the governmental funds, however, expenditured). When the earned amount exceeds the paid amount, the difference of the day of the statement of activities, certain operating expenses, e.g., or inguity of the statement of activities, certain operating expenses, e.g., or inguity of the statement of activities, certain operating expenses, e.g., or inguity of the statement of activities, certain operating expenses.	the statement of activities is accrued, addition in the reconciliations. (+) litures. However, in the statement of the control	regardless of when due f activities, the cost of outlays exceeded depre of capital lease payme the governmental func und balance by the cos	those assets is ciation in the period. ents) s, the proceeds t of the		\$	1,404,590.7 6,852.8 (80,349.6 221,015.0 140,665.3
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NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At June 30, 2012 the Borough of Haworth School District's cash and cash equivalent's amounted to \$2,367,361.44. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$2,117,361.44 was covered by a collateral pool maintained by the banks as required by GUDPA

At June 30, 2012 the Borough of Haworth School District had no participation in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Borough of Haworth School District will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2012, none of the Borough of Haworth School District's cash and cash equivalents of \$2,367,361.44 was exposed to custodial credit risk as follows:

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Borough of Haworth School District to purchase the following types of securities:

- a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;
- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;
 - (6) Local government investment pools:
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
 - (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
- (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Haworth School District had no investments as described in Note I:G.1 at June 30, 2012.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

B. <u>Interfund Receivables and Payables</u>

As of June 30, 2012, interfund receivables and payables resulting from various interfund transactions were as follows:

	Due from	Due to
General Fund	Other Funds \$ 10,148.85	Other Funds \$ 3,574.73 329.58
Capital Projects Fund Debt Service Fund Enterprise Fund Trust and Agency Fund	329.58 3,574.73 0.00	10,148.85
	<u>\$ 14,053.16</u>	<u>\$ 14,053.16</u>

New Jersey statute requires that interest earned on the investments in capital projects fund be credited to the general fund or debt service based on Board resolution. In accordance with Board resolution, accrued interest as of June 30, 2012 in the amount of \$329.58 was transferred to debt service fund to offset future interest payments to bondholders. Accordingly, an interfund accounts receivable and payable for \$329.58 was established in the debt service and capital projects funds, respectively.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning <u>Balance</u>	Additions	Disposals or Adjustments	Ending <u>Balance</u>
Governmental activities: Capital assets not being depreciated: Land Construction in Progress Total Capital assets not being depreciated	\$ 1,324,500.00 	16,650.00	\$ - 	\$ 1,324,500.00 16,650.00
Buildings and Improvements Machinery and Equipment Totals at historical cost	9,204,562.47 255,413.63 9,459,976.10	176,500.00 27,865.00 204,365.00	-	9,381,062,47 283,278.63 9,664,341.10
Less accumulated depreciation for: Buildings and Improvements Machinery and Equipment Total accumulated depreciation Net capital assets being depreciated	(3,498,108.19) (231,051.59) (3,729,159.78) 5,730,816.32	(74,530.00) (5,819.65) (80,349.65) (1) 124,015.35	<u> </u>	(3,572,638.19) (236,871.24) (3,809,509.43) 5,854,831.67
Governmental activities capital assets, net	\$ 7,055,316.32	\$ 140,665.35	<u>s</u>	\$ 7,195,981.67

(1) Depreciation expense	was charged to governm	ental functions as follows:
Instruction	- •	Tarions as follows.

Instruction	HOWS:	
Special Education Other Instruction (Athletic and Media)	\$	67,680.70 4,017.48
Student and Instruction Related Services School Administrative Services General and Business Administrative Services Plant Operations and Maintenance Pupil Transportation		1,606.99 1,606.99 4,017.48 1,420.00
	s	80,349.64

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: <u>Detailed Disclosures Regarding Liabilities and Expenses/Expenditures</u>

A. Operating Leases

The District has commitments to lease copiers, water coolers and postage machine under operating leases which expire in 2015. Total operating lease payments made during the year ended June 30, 2012 were \$27,418.68. Future minimum lease payments are as follows:

Year Ended	
June 30, 2013	Amount
June 30, 2014	\$ 27,418.68
June 30, 2015	27,418.68
June 30, 2016	23,830.68
	5,957.67
Total future minimum lease payments	
rease payments	\$ 84,625.71

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2012 was as follows:

Governmental activities: Long - Term debt:	Beginning <u>Balance</u>	<u>Additions</u>	Reductions	Ending <u>Balance</u>	Amounts Due Within One Year
Serial Bonds Loans Total debt payable Other liabilities:	\$ 4,077,000.00 198,163.51 4,275,163.51	\$ <u>-</u>	\$ (380,000.00) - (63,768.47) - (443,768.47) (1)	\$ 3,697,000.00 134,395.04 3,831,395.04	\$ 415,000.00 66,017.01 481,017.01
Compensated absences Total other liabilities Governmental activities long - term liabilities	98,655.00 98,655.00 \$ 4,373,818.51	68,967.37 68,967.37	(14,135.00) (14,135.00) (2)	153,487.37 153,487.37	9,000.00
	1,575,616,51	\$ 68,967.37	<u>\$ (457,903.47)</u>	\$ 3,984,882.41	\$ 490,017.01

⁽¹⁾ Paid by debt service fund

⁽²⁾ Paid by general fund

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long - Term Liabilities (Continued)

1. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Serial Bonds outstanding as of June 30, 2012 consisted of the following:

Description	<u>Interest</u>	<u>Due</u>	Maturity	Amount Issued	Amount
	Rate	<u>Date</u>	<u>Date</u>		Outstanding
School Improvements	Various	8/15	2019	\$ 2,682,000.00	\$ 1,782,000.00
School Refunding	Various	2/15	2019	2,560,000.00	1,915,000.00
					\$ 3,697,000.00

Principal and interest due on serial bonds outstanding is as follows:

Year ending June 30,		Principal	<u>Interest</u>		<u>Total</u>
2013	\$	415,000.00	\$ 149,942.50	\$	564,942.50
2014		430,000.00	133,411.25	_	563,411.25
2015		515,000.00	115,005.00		630,005.00
2016		525,000.00	94,755.00		619,755.00
2017		520,000.00	74,130.00		594,130.00
2018		520,000.00	50,755.00		570,755.00
2019		525,000.00	27,255.00		552,255.00
2020		247,000.00	4,940.00	-	251,940.00
	\$ 3	,697 <u>,000.00</u>	\$ 650,193.75	\$ 4	,347,193.75

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long - Term Liabilities (Continued)

2. Temporary Notes

There were no temporary notes outstanding as of June 30, 2012:

3. Bonds Authorized But Not Issued

There were no authorized but not issued bonds as of June 30, 2012.

4. Capital Leases Payable

There were no capital leases payable as of June 30, 2012

5. Loan Agreements

The Borough of Haworth School District has entered into two loan agreements with the State of New Jersey for various projects. Both loans are repayable over 20 years from the date of the final consummation of the loans. The funds have been provided through the N. J. Public School Facilities Loan Assistance Program. The first loan titled, Safe Program Low Interest Loan, of \$248,750.00 is at an interest rate of 1.50% under Loan No 214-93, and the second loan, titled Small Project Loan, of \$746,250.00 is at 5.288% under Loan No.214-93.

Drawdown of the \$248,750.00 loan was initiated in 1993, and the drawdown of the \$746,250.00 loan was initiated in 1993.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note IV: <u>Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)</u>

B. Long - Term Liabilities (Continued)

6. Loan Agreements (Continued)

Following are the remaining maturities and debt schedules for the outstanding principal interest on the loans:

	Loan No. 214-93	Loan No. 214-93	Loan No. 214-93	Loan No. 214-93	
Calendar Year	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 13,092.11	\$ 294.57	\$ 52,924.90	\$ 4,322.85	\$ 70,634.43
2014	13,092.11	98.19	55,285.96	1,461.76	69,937.98
	\$ 26,184.22	\$ 392.76	\$ 108,210.88	\$ 5,784.61	\$ 140,572,49

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note V: Detailed Disclosure Regarding Fund Equity

A. Capital Reserve Account

A capital reserve account was established by the Borough of Haworth School District Board of Education by inclusion of \$29,107.00 on March 8, 2005 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g) the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for is as follows:

Established March 8, 2005	\$ 29,107.00
2005-2006 Withdrawal	(3,817.98)
2009-2010 Resolution (Fund Balance)	177,202.61
2010-2011 Interest	100.00
2010-2011 Resolution (Fund Balance)	305,222.67
2011-2012 Withdrawal	(369,829.00)
2011-2012 Resolution (Fund Balance	641,636.50
2011-2012 Interest	243.34
Ending Balance June 30, 2012	\$779,865.14

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note VI: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1955, under the provisions of N.J.S.A. 18:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Retirement Benefits

For PERS and TPAF employees, the benefits will be 1/55 of the average of the three highest years compensation for each year of service. However, for PERS and TPAF who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note VI: Pension Plans (Continued)

Significant Legislation

P.L 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF, PERS, PFRS, SPRS, and JRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS and PERS prosecutors Part active member rates increase from 8.5 percent to 10 percent: SPRS active member rates increase from 7.5 percent to 9 percent; and JRS active member rates increase from 3 percent to 12 percent phased-in over seven years. For Fiscal Year 2012, the member contributions for TPAF, PERS and JRS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPF, JRS, and SPRS) is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the Statefunded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 billion.

The required supplementary information regarding the funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared o past expectations and new estimates are made about the probability of future events.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note VI: Pension Plans (Continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. The pension funds provide for employee contributions based on 5.5 percent for TPAF and 5.5 percent for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the state fiscal year ended June 30, 2011, for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, annual pension cost equals contributions made.

The District's total payroll for the year ended June 30, 2012 was \$4,497,422.82 and covered payroll was \$3,696,158.00 for TPAF and \$458,194.00 for PERS. Contributions to the TPAF and the PERS for the year ended June 30, 2012 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		TPAF	Percent of Covered Payroll	PERS	Percent of Covered Payroll
Employees	6/30/12 6/30/11 6/30/10	\$238,737.72	6.45%	\$ 29,096.59	6.35%
Board of Education	6/30/12 6/30/11 6/30/10	N/A N/A N/A	N/A N/A N/A	\$ 80,525.00	17.54%
State of New Jersey	6/30/12 6/30/11 6/30/10	\$347,366.00	9.39%	N/A N/A N/A	N/A N/A N/A

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$274,954.47 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note VII: Health Benefit and Post-Retirement Medical Benefits

P.L. 2011, c.78 effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Health Benefits Program Fund (HBPF)- Local Education (including Prescription Drug Program Fund)- The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage.

P.L. 1987, c.384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, respectively, to fund post-retirement medical benefits for those employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the state contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

Note VIII: Risk Management

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit to the New Jersey Unemployment Trust Fund the employee contributions.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of the Northeast Bergen County School Board Insurance Group (the "Group").

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

Note VIII: Risk Management (Continued)

The Group is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost Workers' Compensation, Property Damage, Employer's Liability, Automobile and Equipment Liability, School Board Legal Liability and Boiler and Machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The District pays an annual assessment to the Group and should it be determined that payments received by the Group are deficient, additional assessments may be levied. Additionally, the Group maintains a contract of excess insurance with a commercial reinsuror to secure the payment of benefits.

The District continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note IX: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after 15 years of service.

District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. Upon retirement and who have not less than 15 years of service in the District, the District shall pay the employee for unused sick leave at \$60.00 per day up to 150 days for teaching staff and 50 days for everyone else.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the After School Latchkey Program.

Note X: Contingent Liabilities

The Borough of Haworth School District is a defendant in several lawsuits, none of which is unusual for a Board of Education of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

Section C BUDGETARY COMPARISON SCHEDULES

BOARD OF EDUCATION BOROUGH OF HAWORTH Budgetary Comparison Schedule General Fund Fiscal Year Ended June 30, 2012

			Original Budget	Budget Transfers	Final <u>Budget</u>		Actual	Variance Final to <u>Actual</u>
REVENUES:								
Local Sources:								
Local Tax Levy		\$	7,597,573.00	\$ -	\$ 7,597,57	3.00	\$ 7,597,573.00	\$ -
Interest Earned on Investments				-			1,624.05	1,624.05
Interest Eamed on Capital Reserve Funds			1,616.00	-	1,61	6.00	243.34	(1,372.66)
Miscellaneous			8,484.00	-	8,48	_	61,346.64	52,862.64
Total - Local Sources			7,607,673.00	•	7,607,67	3.00	7,660,787.03	53,114.03
State Sources:								
Categorical Special Education Aid			77,334.00	-	77,33	4.00	155,076.00	77,742.00
Extraordinary Aid			7,991.00	-	7,99	1.00	4,450.00	(3,541.00)
Non-Public Transportation Aid				-			3,782.00	3,782.00
TPAF Pension (On-Behalf - Non-Budgeted)				-			347,366.00	347,366.00
TPAF Social Security (Reimbursed - Non-Budgeted)			*	-		-	274,954.47	274,954.47
Total State Sources			85,325.00	-	85,32	5.00	785,628.47	700,303.47
Federal Sources:								
Education Jobs Fund			12,546.00	 393.00	12,939	_	12,939.00	•
Total - Federal Sources			12,546.00	 393.00	12,939	_	12,939.00	
Total Revenues			7,705,544.00	 393.00	7,705,937	7.00	8,459,354.50	753,417.50
EXPENDITURES: Current Expense:								
Regular Programs - Instruction								
Kindergarten - Salaries of Teachers	110-100-101	\$	172,473.00	\$ 1,100.00	\$ 173,573	3.00	\$ 173,573.00	\$ -
Grades 1-5 - Salaries of Teachers	120-100-101		1,012,664.00	33,780.00	1,046,444	.00	961,231.69	85,212.31
Grades 6-8 - Salaries of Teachers	130-100-101		1,258,778.00	21,704.35	1,280,482	2.35	1,278,219.80	2,262.55
Regular Programs - Home Instruction:								
Other Salaries for Instruction	150-100-106		980.00	1,420.00	2,400	0.00	2,400.00	•
Regular Programs - Undistributed Instruction	400 400 400							
Other Salaries for Instruction	190-100-106		281,428.00	2,841.87	284,269		231,978.70	52,291.17
Purchased Professional-Educational Services Purchased Technical Services	190-100-320 190-100-340		5,805.00 8,330.00	(110.00)	5,695 1,060		1,695.00	4,000.00
Other Purchased Services (400-500 series)	190-100-500		24,598.00	(7,269.05) (12,492.18)	12,105		1,060.95 12,105.82	-
General Supplies	190-100-610		96,964.00	(31,475,58)	65,488		65,081,70	406.72
Textbooks	190-100-640		9,759.00	(955.81)	8,803		8,803.19	400.72
Other Objects	190-100-800		2,368.00	(1,168.50)	1,199		1,199.50	
TOTAL REGULAR PROGRAMS - INSTRUCTION			2,874,147.00	 7,375.10	2,881,522		2,737,349.35	144,172.75
SPECIAL EDUCATION - INSTRUCTION								
Resource Room/Resource Center:								
Salaries of Teachers	213-100-101		433,157.00	2,389.10	435,546	.10	435,546.10	
General Supplies	213-100-610		2,891.00	(876.64)	2,014	.36	2,014.36	
Other Objects	213-100-800		200.00	 (200.00)			<u> </u>	•
Total Resource Room/Resource Center			436,248.00	 1,312.46	437,560	46	437,560.46	-
TOTAL SPECIAL EDUCATION - INSTRUCTION			436,248.00	 1,312.46	437,560	46	437,560.46	-
Bilingual Education - Instruction								
Salaries of Teachers	240-100-101		107,375.00	-	107,375.		107,375.00	-
General Supplies	240-100-610		485.00	 410.72	895.	72	895.72	-
Total Bilingual Education - Instruction			107,860.00	 410.72	108,270.	72	108,270.72	-
School-Spon. Cocurricular Actvts Inst. Salaries	401-100-100		33,240.00	(17,270.03)	15,969	97	13,511.75	2,458.22
Purchased Services (300-500 series)	401-100-500		5,390.00	(,2.0.00)	5,390.		160.00	5,230.00
Supplies and Materials	401-100-600		3,920.00	(508.00)	3,412.		2,708.59	703.41
Other Objects	401-100-800	_	3,920.00	3,718.00	7,638.		7,160.00	478.00
Total School-Spon, Cocurricular Actvts Inst.			46,470.00	 (14,060.03)	32,409.		23,540.34	8,869.63
Summer School - Instruction				 				01000100
Salaries of Teachers	422-100-101		10,000.00	2,100.00	12,100.	00	9,895.00	2,205.00
Total Summer School - Instruction			10,000.00	2,100.00	12,100.	00	9,895.00	2,205.00
Total Instruction			3,474,725.00	 (2,861.75)	3,471,863.	25	3,316,615.87	155,247.38

BOARD OF EDUCATION BOROUGH OF HAWORTH Budgetary Comparison Schedule General Fund Fiscal Year Ended June 30, 2012

		Original Budget	Budget Transfers	Final Budget	<u>Actual</u>	Variance Final to <u>Actual</u>
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Special	000-100-562	\$ 234,956.00	\$ (42,114.70)	\$ 192,841.30	\$ 191,059.05	\$ 1,782.25
Tuition to CSSD & Regional Day Schools	000-100-565	68,800.00	(14,300.00)	54,500.00	54,500.00	1,702.25
Tuition to Private Schools for the Disabled - Within State	000-100-566	102,984.00	(25,753.15)	77,230.85	77,230.85	
Total Undistributed Expenditures - Instruction:		406,740.00	(82,167.85)	324,572.15	322,789.90	1,782.25
Undistributed Expend Attend. & Social Work			102,107.50)	024,072.10	322,709.90	1,702.23
Salaries	000-211-100	39,782.00	1,585.30	41,367.30	31,706.00	9,661.30
Purchased Professional and Technical Services	000-211-300	3,760.00	(3,560.00)	200.00	200.00	9,001.30
Supplies and Materials	000-211-600	100.00		100.00	100.00	100.00
Total Undistributed Expend Attend. & Social Work		43,642.00	(1,974.70)	41,667.30	31,906.00	9,761.30
Undist. Expend Health Services				***************************************	07,000.00	0,707.00
Salaries	000-213-100	113,485.00	680.00	114,165.00	114,165.00	_
Purchased Professional and Technical Services	000-213-300	2,989.00	6.00	2,995.00	2,995.00	
Other Purchased Services (400-500 series)	000-213-500	3,236.00	(1,850.00)	1,386.00	500.00	886.00
Supplies and Materials	000-213-600	2,304.00	161.69	2,465.69	2,465.69	-
Total Undistributed Expenditures - Health Services		122,014.00	(1,002.31)	121,011.69	120,125.69	886.00
Undist. Expend Speech,OT,PT & Related Services			1.7502.5.)	72 1,0 11.00	120,120.08	
Salaries of Other Professional Staff	000-216-100	118,510.00	_	118,510.00	110,585.00	7,925.00
Purchased Professional - Educational Services	000-216-320	68,473.00	(39,059.17)	29,413.83	28,949.83	464.00
Supplies and Materials	000-216-600	800.00	(00,000.17)	800.00	726.46	73.54
Total Undist. Expend Speech, OT, PT & Related Services		187,783.00	(39,059.17)	148,723.83		
Undist. Expend Other Supp. Serv. Students - Extra Serv.		107,700.00	(38,038.17)	140,723.03	140,261.29	8,462.54
Supplies and Materials	000-217-600	500.00				
	000-217-600	500.00	• .	500.00	-	500.00
Total Undist. Expend Other Supp. Serv. Students - Extra Serv.		500.00	* .	500.00	•	500.00
Undist. Expend Guidance						
Salaries of Other Professional Staff	000-218-104	50,966.00	-	50,966.00	50,966.00	
Salaries of Secretarial and Clerical Assistants Purchased Professional - Educational Services	000-218-105	24,174.00	725.97	24,899.97	24,899.97	-
Supplies and Materials	000-218-320	3,000.00	(91.80)	2,908.20	2,825.54	82.66
Total Undist. Expend Guidance	000-218-600	250.00	1,265.83	1,515.83	1,483.46	32.37
		78,390.00	1,900.00	80,290.00	80,174.97	115.03
Undist. Expend Child Study Team						
Salaries of Other Professional Staff	000-219-104	306,438.00	1,500.00	307,938.00	294,984.00	12,954.00
Salaries of Secretarial and Clerical Assistants	000-219-105	41,495.00	655.66	42,150.66	40,618.40	1,532.26
Purchased Professional - Educational Services	000-219-320	27,440.00	(12,644.00)	14,796.00	14,796.00	-
Misc. Pur. Serv. (400-500 series) Other Than Residential Costs	000-219-592	980.00	(750.00)	230.00	218.33	11.67
Supplies and Materials Other Objects	000-219-600	3,479.00	(162.06)	3,316.94	3,199.98	116.96
•	000-219-800	400.00		400.00	67,00	333.00
Total Undist. Expend Child Study Team		380,232.00	(11,400.40)	368,831.60	353,883.71	14,947.89
Undist. Expend Improvement of Inst. Serv.						
Purchased Prof- Educational Services	000-221-320	24,500.00	9,837.50	34,337.50	34,337.50	•
Other Purch Prof. and Tech. Services	000-221-390	1,960.00	1,190.00	3,150.00	3,150.00	-
Supplies and Materials Other Objects	000-221-600	2,940.00	(1,783.22)	1,156.78	820.00	336.78
· ·	000-221-800	1,960.00	(1,050.00)	910.00		910.00
Total Undist. Expend Improvement of Inst. Serv.		31,360.00	8,194.28	39,554.28	38,307.50	1,246.78
Undist. Expend Edu. Media Serv./Sch. Library					-	
Salaries	000-222-100	21,675.00	1,391.00	23,066.00	22,893.80	172.20
Supplies and Materials	000-222-600	10,000.00	(1,000.00)	9,000.00	8,314.17	685.83
Total Undist. Expend Edu. Media Serv./Sch. Library		31,675.00	391.00	32,066.00	31,207.97	858.03
Undist. Expend Instructional Staff Training Serv.						
Purchased Professional - Educational Service	000-223-320	42,402.00	(8,295.06)	34,106.94	33,354.94	752.00
Other Purchased Services (400-500 series)	000-223-500	4,500.00	(2,148.25)	2,351.75	2,351.75	702.00
Total Undist. Expend Instructional Staff Training Serv.		46,902.00	(10,443.31)	36,458.69	35,706.69	752.00
Jndist. Expend Supp. Serv General Admin.			(/		00,700.00	732.00
Salaries	000-230-100	141,730.00	3,800.48	145,530.48	144,588.22	0.40.06
Legal Services	000-230-331	16,204.00	7,151.20	23,355.20	23,355.20	942.26
Audit Fees	000-230-332	16,600.00	(2,470.00)	14,130.00	14,130.00	-
Architectural/Engineering Services	000-230-334	5,000.00	(3,642.50)	1,357.50	1,357.50	-
Other Purchased Professional Services	000-230-339	5,370.00	(5,370.00)	1,507.00	1,501.50	-
Purchased Technical Services	000-230-340	3,430.00	(2,098.79)	1,331.21	1,331.21	-
Communications/Telephone	000-230-530	43,000.00	(1,344.45)	41,655.55	40,865.44	790.11
BOE Other Purchased Services	000-230-585	2,000.00	(1,324.00)	676.00	676.00	7 30.11
Other Purchased Services (400-500 series)	000-230-590	22,874.00	(3,609.62)	19,264.38	19,156.89	107.49
	000-230-600	12,088.00	(1,718.61)	10,369.39	10,192.33	177.06
Supplies and Materials	000 200					
Miscellaneous Expenditures	000-230-890	2,646.00	(432.87)	2,213.13		
					2,213.13 5,126.81	•

BOARD OF EDUCATION BOROUGH OF HAWORTH Budgetary Comparison Schedule General Fund Fiscal Year Ended June 30, 2012

			Original Budget		Budget <u>Transfers</u>		Final <u>Budget</u>		Actual	Variance Final to <u>Actual</u>
Undist. Expend Support Serv School Admin.										
Salaries of Principals/Assistant Principals	000-240-103	s	171,411.00		1,598.96	e	172 000 00	•	470 000 00	•
Salaries of Secretarial and Clerical Assistants	000-240-105	J	24,175.00	J	192.50	Þ	173,009.96 24,367.50	Þ	173,009.96 24,367.45	0.05
Purchased Professional and Technical Services	000-240-300		2,500.00		(1,251.70)		1,248.30		1,248.30	0.05
Other Purchased Services (400-500 series)	000-240-500		686.00		-		686.00		686.00	
Supplies and Materials	000-240-600		12,740.00		897.81		13,637.81		13,590.53	47.28
Other Objects	000-240-800		980.00				980.00	_	980.00	-
Total Undist. Expend Support Serv School Admin.			212,492.00		1,437.57		213,929.57	_	213,882.24	47.33
Undist. Expend Central Services Salaries	222 244 422									
Purchased Professional Services	000-251-100 000-251-330		51,330.00		769.95		52,099.95		52,099.77	0.18
Purchased Technical Services	000-251-340		74,000.00 14,970.00		(1,437.57)		74,000.00 13,532.43		74,000.00	•
Miscellaneous Purchased Services (400-500 series)	000-251-592		100.00		(1,401.51)		100.00		13,532.43	100.00
Supplies and Materials	000-251-600		9,800.00		(2,398.02)		7,401.98		7,401.98	100.00
Other Objects	000-251-890		980.00				980.00		715.00	265.00
Total Undist. Expend Central Services			151,180.00		(3,065.64)		148,114.36		147,749.18	365.18
Undist. Expend Admin. Info. Technology										
Purchased Technical Services	000-252-340		18,375.00		-		18,375.00		18,375.00	
Supplies and Materials	000-252-600		1,960.00		-		1,960.00		1,322.91	637.09
Total Undist. Expend Admin. Info. Technology			20,335.00		•		20,335.00		19,697.91	637.09
Undist. Expend Allowable Maint. For School Facilities										
Cleaning, Repair and Maintenance Services General Supplies	000-261-420		89,983.00		(9,333.90)		80,649.10		78,978.36	1,670.74
**	000-261-610		3,152.00	_	10,133.90		13,285.90		13,285.90	
Total Undist. Expend Allowable Maint. For School Facilities Undist. Expend Custodial Services			93,135.00		800.00		93,935.00		92,264.26	1,670.74
Salaries	000-262-100		7 400 00							
Salaries of Non-Instructional Aides	000-262-100		7,100.00 64,170.00		3,765.00 91,526.40		10,865.00 155,696.40		8,990.50	1,874.50
Cleaning, Repair and Maintenance Services	000-262-420		214,450.00		27,810.24		242,260.24		155,576.40 241,686.22	120.00 574.02
Other Purchased Property Services	000-262-490		15,080.00		32,386.59		47,466.59		47,063.49	403.10
Insurance	000-262-520		50,000.00		(33,600.22)		16,399.78		1,375.00	15,024.78
Miscellaneous Purchased Services	000-262-590		41,275.00		(38,903.00)		2,372.00		2,350.00	22.00
General Supplies	000-262-610		30,380.00		(8,225.80)		22,154.20		21,135.42	1,018.78
Energy (Natural Gas) Energy (Electricity)	000-262-621		44,933.00		(1,470.40)		43,462.60		38,979.88	4,482.72
Other Objects	000-262-622 000-262-800		150,413.00 7,840.00		(37,974.48)		112,438.52		103,886.99	8,551.53
Total Undist. Expend Custodial Services	000-202-000		625,641.00		975.00 36,289.33		8,815.00		7,642.81	1,172.19
Care and Upkeep of Grounds			023,041.00		30,209.33		661,930.33		628,686.71	33,243.62
Cleanling, Repair, and Maintenance Services	000-263-420		23,277.00		3,398.24		20.070.04		00 000 +=	
General Supplies	000-263-610		980.00		3,396.24		26,675.24 980.00		26,328.15 575.00	347.09
Other Objects	000-263-800		490.00		(490.00)		500.00		3/5.00	405.00
Total Care and Upkeep of Grounds		-	24,747.00		2,908.24		27,655.24		26,903.15	752.09
Undist. Expend Student Transportation Serv.					2,000.21		27,000.24		20,803.13	752.09
Contracted Services - Aid in Lieu of Payments	000-270-503		21,000.00		4,544.73		25,544,73		25,544.73	_
Contracted Services (Other than Between Home and School) - Vend	don:000-270-512		6,200.00		(300.00)		5,900.00		3,357.78	2,542.22
Contracted Services (Special Education Students) - Vendors	000-270-514		103,656.00		(20,294.73)		83,361.27		57,021.66	26,339.61
Miscellaneous Purchased Services - Transportation	000-270-593		7,840.00		300.00		8,140.00		6,293.00	1,847.00
Total Undist. Expend Student Transportation Serv.			138,696.00		(15,750.00)		122,946.00		92,217.17	30,728.83
UNALLOCATED BENEFITS Social Security Contributions	000 704 700				+					
Other Retirement Contributions - Regular	000-291-220 000-291-241		114,400.00 72,965.00		(30.00)		114,370.00		65,726.23	48,643.77
Unemployment Compensation	000-291-241		14,000.00		7,560.00 591.64		80,525.00		80,525.00	-
Workmen's Compensation	000-291-260		92,523.00		(1,675.77)		14,591.64 90,847.23		14,591.64 48,016.00	42,831,23
Health Benefits	000-291-270	1.	,042,344.00		(566.36)	1	,041,777.64		834,324.83	207,452.81
Tuition Reimbursement	000-291-280		18,084.00		(6,849.50)		11,234.50		11,234.50	207,402.01
TOTAL UNALLOCATED BENEFITS		1,	,354,316.00		(969.99)	1.	,353,346.01		1,054,418.20	298,927.81
On-behalf TPAF pension Contributions (non-budgeted)					-				347,366.00	(347,366.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)									274,954.47	(274,954.47)
TOTAL ON-BEHALF CONTRIBUTIONS									622,320.47	(622,320.47)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		1	354,316.00		(060.00)	4	252 246 04		-	-
		<u>''</u>	554,510.00		(969.99)		,353,346.01		1,676,738.67	(323,392.66)
TOTAL UNDISTRIBUTED EXPENDITURES			226,112.00		(125,235.30)	4,	100,876.70		4,315,495.74	(214,619.04)
TOTAL GENERAL CURRENT EXPENSE		7,	700,837.00		(128,097.05)	7,	572,739.95		7,632,111.61	(59,371.66)

BOARD OF EDUCATION BOROUGH OF HAWORTH Budgetary Comparison Schedule General Fund Fiscal Year Ended June 30, 2012

CARTAL CUTLAY			Original Budget		Budget Transfers		Final Budget		Actual		Variance Final to <u>Actual</u>
CAPITAL OUTLAY Facilities Acquisition and Construction Services Other Purchased Professional and Technical Services Construction Services Total Facilities Acquisition and Construction Services TOTAL CAPITAL OUTLAY	000-400-390 000-400-450	\$	-	\$	18,500.00 158,000.00 176,500.00 176,500.00	\$ 	18,500.00 158,000.00 176,500.00 176,500.00	\$ 	18,500.00 158,000.00 176,500.00 176,500.00		
TOTAL EXPENDITURES			7,700,837.00		48,402.95	_	7,749,239.95	_	7,808,611.61	-	(59,371.66)
Excess (Deficiency) of Revenues Over (Under) Expenditures			4,707.00	The State of the S	(48,009.95	·	(43,302.95)		650,742.89	_	694,045.84
Other Financing Sources (Uses): Operating Transfer Out: Transfer to Capital Projects Fund Debt Service Assessment Total Other Financing Sources (Uses)			(3,091.00) (3,091.00)		(369,829.00)		(369,829.00) (3,091.00) (372,920.00)	_	(369,829.00 (3,091.00 (372,920.00))	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)			1,616.00		(417,838.95)		(416,222.95)		277,822.89		694,045.84
Fund Balance, July 1			805,824.25		-		805,824.25		805,824.25		*
Fund Balance, June 30		<u>\$</u>	807,440.25	<u>\$</u>	(417,838.95)	\$	389,601.30	<u>\$</u>	1,083,647.14	<u>\$</u>	694,045.84
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses): Increase in Capital Reserve Withdrawal from Capital Reserve Adjustment for Prior Year Encumbrances Budgeted Fund Balance		\$	1,616.00		(369,829.00) (48,009.95)	\$	1,616.00 (369,829.00) (48,009.95)	\$	641,879.84 (369,829.00) (48,009.95) 53,782.00	\$	640,263.84 - - 53,782.00
Total		<u>\$</u>	1,616.00	\$	(417,838.95)	\$	(416,222.95)	\$	277,822.89	\$	694,045.84
Analysis of Fund Balance June 30, 2012: Restricted Fund Balance: Capital Reserve Account Assigned Fund Balance: Designated for Subsequent Year's Expenditures Unassigned Fund Balance								<u></u>	779,865.14 50,000.00 253,782.00 1,083,647.14		
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance: Fund Balance June 30, 2012 Last Two Current Year State Aid Payments Not Realized on GAAP Bas	sis							\$ 	1,083,647.14 (9,747.00) 1,073,900.14		

BOARD OF EDUCATION BOROUGH OF HAWORTH Education Jobs Fund Program - Budget and Actual General Fund

Fiscal Year Ended June 30, 2012

			Original Budget		Budget <u>Transfers</u>		Final Budget	Actua	<u>1</u>	Variance Final to <u>Actual</u>
REVENUES: Federal Sources: American Recovery and Reinvestment Act:										
Education Jobs Fund		\$	12,546.00	<u>\$</u>	393.00	\$	12,939.00		939.00	\$ -
Total - Federal Sources			12,546.00		393.00		12,939.00	12	939.00	 •
TOTAL REVENUES		\$	12,546.00	\$	393.00	\$	12,939.00	\$ 12	939.00	\$
EXPENDITURES: Current Expense: Regular Programs - Instruction American Recovery and Reinvestment Act: Education Jobs Fund Regular Programs - Undistributed Instruction Other Salaries for Instruction	190-100-106		12,546.00		393.00		12,939.00	12	939.00	_
	130-100-100									
TOTAL REGULAR PROGRAMS - INSTRUCTION TOTAL GENERAL CURRENT EXPENSE		AHILLAN, 11-11-11	12,546.00		393.00 393.00	***************************************	12,939.00		939.00	
TOTAL EXPENDITURES		<u>s</u>	12,546.00	\$	393.00	<u>\$</u>	12,939.00	\$ 12,	939.00	\$ -

Budgetary Comparison Schedule Special Revenue Fund

For the Fiscal Year Ended June 30, 2012

REVENUES:		Original Budget		Budget <u>Transfers</u>		Final <u>Budget</u>		<u>Actual</u>		Variance nal to Actual
State Sources Federal Sources Local Sources	\$	96,097.00 -	\$	1,067.92 4,724.00 95,498.97	\$	1,067.92 100,821.00 95,498.97	\$	439.92 100,025.00 95,498.97	\$	628.00 796.00
Total Revenues	\$	96,097.00	\$	101,290.89	\$	197,387.89	\$_	195,963.89	\$	1,424.00
EXPENDITURES: Instruction										
Personal Services - Salaries Other Purchased Services (400-500 series) General Supplies Textbooks	\$	94,301.00 1,796.00	\$	52,780.00 (13,804.00) 16,094.97 439.92	\$	52,780.00 80,497.00 17,890.97 439.92	\$	52,780.00 80,497.00 17,094.97 439.92	\$	- 796.00
Total Instruction		96,097.00		55,510.89		151,607.89		150,811.89		796.00
Support Services Purchased Professional and Technical Services Other Purchased Services (400-500 series) Total Support Services				628.00 17,287.00 17,915.00		628.00 17,287.00 17,915.00		17,287.00 17,287.00		628.00
Facilities Acquisition and Construction Services: Instructional Equipment Total Facilities Acquisition and Construction Services		-		27,865.00 27,865.00		27,865.00 27,865.00		27,865.00 27,865.00		-
Total Expenditures	***************************************	96,097.00		101,290.89		197,387.89		195,963.89	***************************************	1,424.00
Total Outflows	\$	96,097.00	<u>\$</u>	101,290.89	<u>\$</u>	197,387.89	<u>\$</u>	195,963.89	\$	1,424.00

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information Budgetary Comparison Schedule Note to RSI

For the Fiscal Year Ended June 30, 2012

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources	<u>Exhibit</u>	General <u>Fund</u>	Special Revenue <u>Fund</u>
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1&C-2]	\$ 8,459,354.50	\$ 195,963.89
Difference - budget to GAAP:	[0-140-2]	Ψ 0,400,004.00	Ψ 190,900.09
The last State aid payment is recognized as revenue for budgetary	,		
purposes, and differs from GAAP which does not recognize this			
revenue until the subsequent year when the State recognizes			
the related expense in accordance with GASB 33.		(9,747.00)	
Grant accounting budgetary basis differs from GAAP in that			
encumbrances are recognized as expenditures, and the related			
revenue is recognized.		***	**
Total revenues as reported on the statement of revenues, expendit	ures		
and changes in fund balances - governmental funds.	[B-2]	\$ 8,449,607.50	\$ 195,963.89
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the			
budgetary comparison schedule	[C-1&C-2]	\$ 7,808,611.61	\$ 195,963.89
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but			
not received are reported in the year the order is placed for			
budgetary purposes, but in the year the supplies are received			
for financial reporting purposes.			
Transfers to and from other funds are presented as outflows of			
budgetary resources but are not expenditures	\$ -		
for financial reporting purposes.	-		
Net transfers (outflows) to general fund		-	***
Total expenditures as reported on the statement of revenues,			
expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 7,808,611.61	\$ 195,963.89

OTHER SUPPLEMENTARY INFORMATION

Section D SCHOOL LEVEL SCHEDULES

Section E SPECIAL REVENUE FUND

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis For the Fiscal Year Ended June 30, 2012

			<u>Total</u>	State <u>Aid</u>		Federal <u>Aid</u>		Local <u>Aid</u>
REVENUES								
State Sources		\$	439.92	\$ 439.92	\$	-	\$.
Federal Sources			100,025.00	-		100,025.00		-
Local Sources			95,498.97	 -		-	-	95,498.97
Total Revenues		\$	195,963.89	\$ 439.92	\$	100,025.00	<u>\$</u>	95,498.97
EXPENDITURES:								
Instruction:								
Personal Services - Salaries	100-100	\$	52,780.00	\$ -	\$	-	\$	52,780.00
Other Purchased Services (400-500 series)	100-500		80,497.00	-		80,497.00		-
General Supplies	100-610		17,094.97	-		2,241.00		14,853.97
Textbooks	100-640		439.92	439.92		-		
Total Instruction			150,811.89	 439.92		82,738.00	_	67,633.97
Support Services:								
Other Purchased Services (400-500 series)	200-500		17,287.00	-		17,287.00		-
Total Support Services		 ,	17,287.00			17,287.00		
Facilities Acquisition and Const. Serv.:								
Instructional Equipment	400-731		27,865.00	_		-		27,865.00
Total Facilities Acquisition and Const. Serv.			27,865.00	 *		*		27,865.00
Total Expenditures		\$	195,963.89	\$ 439.92	<u>\$</u>	100,025.00	\$	95,498.97

Special Revenue Fund

Combining Schedule of State Program Revenues and Expenditures - Budgetary Basis For the Fiscal Year Ended June 30, 2012

		<u>Total</u>	N.J. onpublic extbook <u>Aid</u>
REVENUES			
State Sources		\$ 439.92	\$ 439.92
Total State Revenues		\$ 439.92	\$ 439.92
EXPENDITURES:			
Instruction:			
Textbooks	100-640	\$ 439.92	\$ 439.92
Total Instruction		 439.92	 439.92
Total Expenditures		\$ 439.92	\$ 439.92

BOARD OF EDUCATION BOROUGH OF HAWORTH

Special Revenue Fund

Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis

For the Fiscal Year Ended June 30, 2012

			E.S.E.A.	I.D.E.A	I.D.E.A. Part B
REVENUES		Total	Title III	Basic	Preschool
Federal Sources		\$ 100,025.00	\$ 2,241.00	\$ 96,038.00	\$ 1,746.00
Total Federal Revenues		\$ 100,025.00 \$	\$ 2,241.00	\$ 96,038.00	\$ 96,038.00 \$ 1,746.00
EXPENDITURES: Instruction:					
Other Purchased Services (400-500 series) General Supplies	100-500	\$ 80,497.00 \$		\$ 78,751.00 \$	\$ 1,746.00
Total Instruction		82,738.00	2,241.00	78,751.00	1,746.00
Support Services: Other Purchased Services (400-500 series) Total Support Services	200-500	17,287.00		17,287.00	
Total Expenditures		\$ 100,025.00 \$	\$ 2,241.00	\$ 96,038.00	\$ 96,038.00 \$ 1,746.00

BOARD OF EDUCATION BOROUGH OF HAWORTH

Special Revenue Fund Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis

For the Fiscal Year Ended June 30, 2012

								Varions
REVENUES		Total	HAS.	HAS Donation <u>Music</u>	HAS	HAS Donation <u>Library</u>	Environmental <u>Grant</u>	l Donations <u>Equipment</u>
Local Sources		\$ 95,498.97	€	34,851.00	€9	\$ 17,929.00	\$ 14,853.97	7 \$ 27,865.00
Total Local Revenues		\$ 95,498.97	(A)	34,851.00	s	17,929.00	\$ 14,853.97	7 \$ 27,865.00
EXPENDITURES: Instruction: Personal Services - Salaries General Supplies Total Instruction	100-100	\$ 52,780.00 14,853.97 67,633.97	↔	34,851.00	₩	17,929.00	\$ 14,853.97 14,853.97	· •>
Facilities Acquisition and Const. Serv.: Instructional Equipment Total Facilities Acquisition and Const. 8	onst. Serv.: 400-731 and Const. Serv.	27,865.00		1 1			1 1	27,865.00
Total Expenditures		\$ 95,498.97	⇔	\$ 34,851.00	↔	\$ 17,929.00 \$	\$ 14,853.97	7 \$ 27,865.00

Section F CAPITAL PROJECTS FUND

BOARD OF EDUCATION BOROUGH OF HAWORTH Capital Projects Fund Summary Schedule of Project Expenditures For the Year Ended June 30, 2012

		Revised	 GAAP Expen	diture	s to Date	u	Inexpended
Project Title/Issue	Approval <u>Date</u>	Budgetary opropriations	Prior Years	<u>c</u>	urrent Year		propriations 6/30/2012
HVAC Upgrades	8/30/2010	\$ 616,381.00	\$	\$	16,650.00	\$	599,731.00
		-	-		-		•
		 -	 -		-		-
Totals		\$ 616,381.00	\$ -	<u>\$</u>	16,650.00	\$	599,731.00

Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis For the Year Ended June 30, 2012

REVENUES AND OTHER FINANCING SOURCES State Sources - SCC Grant Bond Proceeds	\$	246,552.00
Contribution from private sources Transfer from capital reserve Transfer from capital outlay		369,829.00 -
Total Revenues		616,381.00
EXPENDITURES AND OTHER FINANCING USES		
Equipment (73X)		-
Salaries (100) Legal Services (331)		-
Other Purchased Professional and Technical Services (390)		16,650.00
Construction Services (450)		-
General Supplies (610) Land and Improvements (710)		-
Lease Purchase Agreements - Principal (721)		·
Buildings other than Lease Purchase Agreements - Principal (722) Other Objects (800)		-
Total Expenditures		16,650.00
Excess (deficiency) of revenues over (under) expenditures		599,731.00
Fund Balance - July 1	•	-
Fund Balance - June 30	\$	599,731.00

Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis HVAC Upgrades

From Inception and for the Year Ended June 30, 2012

	Prior Periods	Current Year	<u>Totals</u>	Revised Authorized <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES State Sources - SCC Grant Bond Proceeds	\$ -	\$ 246,552.00	\$ 246,552.00	\$ 246,552.00
Contribution from private sources Transfer from capital reserve Transfer from capital outlay	•	369,829.00	369,829.00	369,829.00
Total Revenues	-	616,381.00	616,381.00	616,381.00
EXPENDITURES AND OTHER FINANCING USES Equipment (73X) Salaries (100) Legal Services (331) Other Purchased Professional and Technical Services (390) Construction Services (450) General Supplies (610) Land and Improvements (710) Lease Purchase Agreements - Principal (721) Buildings other than Lease Purchase Agreements - Principal (722) Other Objects (800) Total Expenditures		16,650.00 	16,650.00 - - - - - - 16,650.00	21,625.00 517,179.00
Excess (deficiency) of revenues over (under) expenditures	~	599,731.00	599,731.00	_

ADDITIONAL PROJECT INFORMATION

Project Number	SP20	90-050-10-1001
Grant Date		8/30/10
Bond Authorization Date		N/A
Bonds Authorized		N/A
Bonds Issued		N/A
Original Authorized Cost	\$	616,381.00
Additional Authorized Cost	\$	-
Revised Authorized Cost	\$	616,381.00
Percentage Increase over Original Authorized Cost		0.00%
Percentage Completed		2.70%
Original Target Completion Date		12/31/12
Revised Target Completion Date		12/31/12

Section G PROPRIETARY FUNDS

ENTERPRISE FUND

INTERNAL SERVICE FUND

Section H FIDUCIARY FUND

Exhibit H-3

BOARD OF EDUCATION BOROUGH OF HAWORTH Student Activity Agency Fund Schedule of Receipts and Disbursements For the Fiscal Year Ended June 30, 2012

<u>Schools</u>	 Balance <u>e 30, 2011</u>	Cash <u>Receipts</u>	Dis	Cash sbursements	:	Balance June 30, 2012
Elementary School	\$ 37,838.98	\$ 136,555.77	\$	141,991.91	<u>\$</u>	32,402.84
	\$ 37,838.98	\$ 136,555.77	\$	141,991.91	\$	32,402.84

BOARD OF EDUCATION BOROUGH OF HAWORTH Payroll Agency Fund Schedule of Receipts and Disbursements For the Fiscal Year Ended June 30, 2012

	Balance ne 30, 2011	Cash <u>Receipts</u>	D	Cash sbursements	<u>J</u> u	Balance une 30, 2012
Payroll Deductions and Withholdings Net Salaries and Wages Flexible Spending Interfunds Payable	\$ 30,082.51 143.68	\$ 2,132,471.15 2,932,549.67 12,475.01 116.80	\$	2,159,044.50 2,933,107.20 1,173.09 111.63	\$	3,509.16 (557.53) 11,301.92 148.85
	\$ 30,226.19	\$ 5,077,612.63	\$	5,093,436.42	\$	14,402.40

Section I LONG – TERM DEBT

BOARD OF EDUCATION
BOROUGH OF HAWORTH
Long - Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2012

	Balance June 30, 2012	1,782,000.00	1,915,000.00	-
Retired	Current Year	180,000.00	200,000.00	1
	Balance June 30, 2011	1,962,000.00 \$ 180,000.00 \$	2,115,000.00	
	Interest <u>Rate</u>	3.75% 3.75% 3.75% 3.80% 3.90% 4.00%	4.00% 5.00% 4.50%	
Annual Maturities of Bonds Outstanding <u>June 30, 2012</u>	Amount	140,000.00 155,000.00 240,000.00 250,000.00 250,000.00 250,000.00 247,000.00	275,000.00 270,000.00 275,000.00	
Annual N of Bonds C June 3	Date	8/15/12 \$ 8/15/13 8/15/14 8/15/15 8/15/16 8/15/17-18	2/15/13-16 2/15/17-18 2/15/19	
	Amount or <u>Issue</u>	2,682,000.00	2,560,000.00	
o te C	Issue	8/15/04	6/30/08	
	Purpose	ocrool improvements	School Refunding	

4,077,000.00 \$ 380,000.00 \$ 3,697,000.00

BOARD OF EDUCATION
BOROUGH OF HAWORTH
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2012

	Original	Budget	Final		Variance Final to
REVENUES: Local Sources:	Budget	Transfers	Budget	Actual	Actual
Local Tax Levy	\$ 542,854.00	, 49	\$ 542,854.00	\$ 542,854.00	, \$
State Sources:	542,854.00		542,854.00	542,854.00	,
Debt Service Aid Type II Total - State Sources	72,410.00		72,410.00	72,410.00	1 1
Total Revenues	615,264.00		615,264.00	615,264.00	,
EXPENDITURES: Regular Debt Service:					
Interest - Loans Redemption of Principal - Loans	7,553.00		7,553.00	7,553.02	(0.02)
Interest - Bonds Redemention of Dringing I Deads	163,942.50		163,942.50	163,942.50	0.03
Total Recular Debt Service	380,000.00		380,000.00	380,000.00	,
	615,264.00	,	615,264.00	615,263.99	0.01
Total Expenditures	615,264.00	,	615,264.00	615,263.99	0.01
Excess (Deficiency) of Revenues Over (Under) Expenditures	•	•	•	0.01	0.01
Other Financing Sources: Operating Transfers In: Interest Earned in Capital Projects Fund	,	,	1	329.58	(329.58)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	,	•	,	329.59	(329.57)
Fund Balance, July 1	37,318.01	ŧ	37,318.01	37,318.01	1
Fund Balance, June 30	\$ 37,318.01	\$	37,318.01	\$ 37,647.60 \$	(329.57)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures: Budgeted Fund Balance	9	اه ا	,	\$ 329.59	(329.57)

STATISTICAL SECTION (UNAUDITED)

GASB requires that ten years of statistical data be presented. Pursuant to State of New Jersey Department of Education requirements issued for the fiscal year ended June 30, 1994, only two years statistical data needed to be presented. Additional year's data will be included each year thereafter until ten years of data is presented.

STATISTICAL SECTION (Unaudited)

Financial Trends	
J-1	Net Assets by Component
J-2	Changes in Net Assets
J-3	Fund Balances - Governmental Funds
J-4	Changes in Fund Balances - Governmental Funds
J-5	General Fund - Other Local Revenue by Source
Revenue Capacit	у
J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers
J-9	Property Tax Levies and Collections
Debt Capacity	
J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of Net General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt as of June 30
J-13	Legal Debt Margin Information
Demographic and	d Economic Information
J-14	Demographic and Economic Statistics
J-15	Principal Employers
Operating Inform	ation
J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Required Maintenance for School Facilities
J-20	Insurance Schedule

Certain Exhibits do not contain ten years of information since GASBS No. 44 was implemented as of the fiscal year ending June 30,2006.

Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)
Unaudited

2005	2,913,717,17 257,598,35 348,186,98	308,990,09 795,576,82 144,959,39 321,768,17 610,228,84 147,859,09	285,541.53 391,139.10	110,877.38 113,056.05 7,013,288.86	64.959.78 64.959.78 7,078.248.64		105,879.00
2006	\$ 3,148,538,63 \$ 317,500.03 353,610.78	255.690.22 719.894.68 259,338.98 289,906.69 695.691.44	252,411.48 454,543.26 282.406.74	521,610.27 75,158.26 7,727,262.45	55,927.35 55,927.35 7,783,189.80		111,193.57
2007	\$ 3,331,453.13 348,165.35 369,083.71	307,650.60 823,222.31 252,868.23 272,092.38 761,956.78 116,104.85	651,229.66 266,728.90	(8.172.61) 74,016.39 7,835,992.46	71,921.09 71,921.09 7,907,913.55		100,682.00
Fiscal Year Ending June 30,	\$ 3,985,895,95 674,584.13 172,289,57	350,227,56 951,849,75 241,608,23 435,317,21 884,739,44 147,268,43	253,462.33	105,570.80 8,443,182.39	141,847.20 141,847.20 8,585,029.59		814,855.39
Fiscal Yea 2009	\$ 3,939,754.55 478,193.02 168,653.62	436.892.03 1,022.279.61 275.259.61 403,777.47 827,597.65 166,956.63 244,068.60	176,100.40	114,415.55	120,957.35 120,957.35 8,374,906.09		575,529.03 575,529.03
2010	\$ 3,774,479,94 555,813,92 164,454,09	254,459,69 1,129,888,66 354,068,32 377,033,71 824,886,34 132,515,12 256,346,63	197,959.18	111,525.00 8,133,420.60	94,721.05 94,721.05 8,228,141.65		662,118.78
2011	\$ 3,814,522,48 578,443,76 172,128.08	246,635,96 1,177,880,71 228,236,180 328,273,63 964,573,39 101,181,52 261,516,89	195,734.96	61,718.15 8,131,971.33	72,183.66 72,183.66 8,204,154.99		704,532.81
2012	\$ 3,879,062.25 711,441.02 191,061.05	22.783.90 1,128.281.59 286.257.50 511,427.23 812,854.80 92,217.17	164,642.68	8,100,035.19	35.605.66 35.605.66 8,135.640.85	92,232.68	1,016,390.36
Expenses	Governmental activities Instruction Regular Special education Other Instruction Support Services: Tuttion	Student and instruction related services School administrative services General and business administrative services Plant operations and maintenance Pupil farsiportation Business and Other Support Services Unallocated Benefits	Special Schools Interest on long-term debt Capital Outlay Untalicorated demonstration	Total governmental activities expenses Business-type activities:	Ther School Latchkey Program Total business-type activities expense Total district-wide expenses Program Revenues Governmental activities:	Charges for services: Regular Special Schools Interest on long-term debt	Capital grants and contributions Total governmental activities program revenues

105,879.00

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Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)
Unaudited

3000		(6,	ý	25 92,935.84 92,935.84			5 60,397.50 15 60,397.50 14 7,381,790.47	11 413,983.11 (4,562.28) 11 \$ 409,420.83
2006		(7,616,068.88) (55,927.35) (7,671,996.23)	6 ,244,463.00 426,833.00	785,704.09 177,484.35 66,103.25	7 700 697 60		48,420.75 48,420.75 7,749,008.44	84,518.81 (7,506.60) \$ 77,012.21
2007		(7,735,310.46) (71,921.09) (7,807.231.55)	6,249,910,00	1,119,314.39 115,637.00 70,855.28	8 044 766 67		92,691,03 92,691,03 8,137,457,70	309,456.21 20,769.94 \$ 330,226.15
Fiscal Year Ending June 30, 2009 2008	814.855.39	(7.628,327.00) (141,847.20) (7,770,174.20)	6,499,906.00 565,713.00	485,730.00 82,075.00 128,101.76	7.761.525.76	142 074 04	7,903,600.70	133,198.76 227.74 \$ 133,426.50
Fiscal Year 2009	575,529.03	(7.678,419.71) (120,957.35) (7,799,377.06)	6,759,902.00 529,185.00	45,277.00 48,670.72	7,830,323.72	124 444 RG	124,444.86 7,954,768.58	151,904.01 3,487.51 \$ 155,391.52
2010	662,118.78	(7,471,301.82) (94,721.05) (7,566,022.87)	7,030,298.00 544,101.00 453,576.00	9,476.42	8,037,451.42	110,373.09	110,373.09	566,149.61 15,652.04 \$ 581,801.65
2011	704,532.81	(7,427,438.52) (72,183.66) (7,499,622.18)	7,448,601.00 559,968.00 111,315,00	14,698.28	8,134,582.28	41,558.16	41,558.16 8,176,140.44	707,143.76 (30,625.50) \$ 676,518.26
2012	8.292.08 33.940.34 42.232.42 1,150,855.46	(6.991,412.15) 6.626.76 (6.984,785.39)	7,597,573.00 450.621.32 40,804.00	2,196.97 61,346.64	246,552.00 (3,091.00) 8,396,002.93	17.49	17.49 8,396,020.42	1,404,590.78 6,644.25 \$ 1,411,235.03
	Business-type activities: Charges for services Operating grants and contributions After School Latchkey Program Total business-type activities program revenues Total district-wide program revenues	Net (Expense)/Revenue Governmental activities Business-type activities Total district-wide net expense	General Revenues and Other Changes in Net Assets Governmental activities: Taxes: Property taxes, levied for general purposes Property taxes, levied for debt service principal Federal and State aid not restricted	l ulton (other than special schools) Investment earnings Miscellaneous income Special item - proceeds from sale of assets	N.J. Economic Development Authority grants Heturinding bond proceeds Translers Debt Service Assessment Total governmental activities	Business-type activities: Investment earnings Retund of prior year revenue Mascellaneous Total businese trans	Total district-wide general revenues Change in Net Assets	Sovernmental activities Business-type activities Total district-wide change in net assets Source: District records

Fund Balances - Governmental Funds, Last Eight Fiscal Years (modified accrual basis of accounting) Unaudited

	2013	******		Fiscal Year Ending June 30,	ing June 30,			
	7.07	1102	2010	5009	2008	2007	2006	2005
General Fund Restricted Assigned Unassigned	\$ 779,865.14 50,000.00 244,035.00	, 49		, ₩	· ·	. ↔	· ·	•
Heserved Unreserved Total general fund	\$ 1,073,900.14	555,824.25 250,000.00 \$ 805,824.25	262,319.38 217,185.00 \$ 479,504.38	71,890.39 177,421.42 \$ 249,311.81	351,386.96 143,361.27 \$ 494,748.23	464,295.41 250,285.31 \$ 714,580.72	635,852.17 135,663.65 \$ 771,515.82	400,141.50 124,679.07 \$ 524,820.57
All Other Governmental Funds Restricted, reported in: Capital projects fund Debt service fund Assigned, reported in:	\$ 286,894.20 37,647.60							
Capital projects fund Reserved Unreserved, reported in: Special revenue fund	312,836.80		270.00	12,661.00	26,041.00	4.00	58,080.00	4,553.00
Capital projects fund Debt service fund Total all other governmental funds	\$ 637,378.60	37,318.01 \$ 37,318.01	35,598.33 \$ 35,868.33	269.81 \$ 12,930.81	23,844.08 12,660.43 \$ 62,545.51	423,548.55 26,040.54 \$ 449,593.09	709,593.64	1,934,168.43 58,080.44 \$ 1996,801.87
Total Fund Balances	\$ 1,711,278.74	\$ 843,142.26	\$ 515,372.71	\$ 262,242.62	\$ 557,293.74	\$ 1,164,173.81	\$ 1,539,193,65	\$ 2.521.622.44

Source: District records

Changes in Fund Balances - Governmental Funds, Last Nine Fiscal Years (modified accrual basis of accounting) Unaudited

								Fiscal	Fiscal Year Ending June 30			
	2012	2	2011		2010		5009	2008	2007	2006	2005	2004
Revenues												
Tax levy	\$ 8,14(8,140,427.00	\$ 8,008,569.00	s,	7,574,399.00	S	7,289,087.00	\$ 7,065,619.00	\$ 6,738,960.00	\$ 6,671,296.00	\$ 6,288,886.00	\$ 6,045,972.00
Tuition charges							45,277.00	82,075.00	115,637.00	177,484.00	218,787.00	193,600.00
Interest earnings	.,	2,196.97										
Miscellaneous	150	156,845.61	14,698.00		9,476.00		38,671.00	128,102.00	70,855.00	66,540.00	92,936,00	24.023.00
County sources			25,000.00		765.00							
State sources	<u>\$</u>	848,731.39	637,504.00		965,403.00		945.184.00	1,200,400,00	1,120,336,00	900 898 00	830 663 00	1 298 280 00
Federal sources	11	112,964.00	153,344.00		149,527.00		103,532.00	100,185.00	99,661,00	107.194.00	101.879.00	92 006 00
Total revenues	9,26	9,261,164.97	8,839,115.00		8,699,570.00		8,421,751.00	8,576,381.00	8,145,449.00	7,923,412.00	7,533,151.00	7,653,881.00
Expenditures												
Regular Instruction	080	PC NA3 708 C	0 000 000 00	6	00 245 300 0	•	00 111 00	00 101 110 0			4	
Special education instruction		518 057 46		9	404 959 00	a.	3,106,741.00	00.086,008,2	\$ 2,747,412.00	\$ 2,718,116.00	\$ 2,503,596.00	\$ 2,516,365.00
Other instruction	2 ,	04:700,0	437,000.00		424,838.00		373,595,00	492,218.00	452,603.00	430,214.00	386,465.00	350,270.00
Support Services:	4	141,706.06	131,002.00		126,205.00		135,582.00	131,494.00	128,407.00	111,942.00	107,149.00	104,195.00
Tuition	35	322,789,90	246 636 00		254 460 00		436 802 AO	250 228 20	00 133 700	00 000 330	00 000 000	000 000
Student and instruction related services	24	848 860 82	933 887 00		894 419 00		949,078,00	754 994 00	90,100,000	00.060,062	200,930,00	203,320.00
School administrative services	2 2	213 882 24	178 649 00		276 466 00		407 955 00	104,004.00	063,124.00	956,955.00	007/6'989	00.505,585
General and business administrative conjuct		420.00	70,049.00		270,400.00		00.668,781	00.0/6,081	211,407.00	208,458.00	116,604.00	113,263.00
Control and Dushiess administrative services	უ : † 1	430,439.82	2/4,012.00		310,301.00		355,258.00	340,926.00	242,610.00	262,064.00	290,960.00	281,984.00
Flant operations and maintenance	14	747,854.12	813,933.00		696,123.00		711,459.00	719,565.00	693,541.00	637,787.00	560,236.00	608,064.00
Pupil transportation	ď	92,217.17	85,380.00		111,830.00		143,527.00	123,970.00	116,105.00	100,961.00	147,859.00	157,560.00
Other Support Services			213,609.00		213,473.00		205,003.00	220,386.00	220,784,00	206.852.00	237.480.00	226 357 00
Employee benefits	1,67	1,676,738.67	1,608,285.00		1,590,447.00		1,454,606.00	1,782,187,00	1,705,417,00	1.434 109 00	1 260 889 00	1 200 281 00
Special Schools											On consideration	00.100,000
Capital outlay	.22	221,015.00	12,315.00				71 490 00	466 624 ON	362 406 00	1 374 744 00	769 169 00	700 040 00
Debt service:								00:1-00:00	00:001	20.54.7.5.0.1	106,106.00	7.30,040.00
Principal	44	443,768.47	623,652.00		622,114.00		658,816,00	659.608.00	649 003 00	535 829 00	453 790 00	00 030 000
interest and other charges	. 41	171,495.52							00.000	000,000	100,00	464,636.00
Total expenditures	8,636	8,636,489.49	8,511,345.00		8,446,441,00		8,700,902,00	9.183.261.00	8 520 470 00	9 235 721 00	7 893 157 00	7 657 244 00
Excess (Deficiency) of revenues										2017	00.101.10101.1	20,123,100,1
over (under) expenditures	65,	624,675.48	327,770.00		253,129.00		(279,151.00)	(606,880.00)	(375,021.00)	(1,312,309.00)	(290,006.00)	(3,363.00)

Changes in Fund Balances - Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)
Unaudited

				Fiscal Year E	Fiscai Year Ending June 30,				
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Other Financing sources (uses) Proceeds from borrowing	, И		,	y.	y	e.	e	00 000 000 0	6
Capital leases (non-budgeted) Proceeds from refunding		•		•	•	·	•	7,002,000,00	
Payments to escrow agent N.J. Economic Development Authority grants	246,552.00								
Debt Service Assessment Transfers in	(3,091.00)					06 039 00	37 085 00	20.304.00	1 107 00
Transfers out	(370,158.58)					(26,039,00)	(37,085,00)	(20,246,00)	1,107,00
Total other financing sources (uses)	243,461.00	5			, , ,	7	7	2,682,000.00	-
Net change in fund balances	\$ 868,136.48	\$ 327,770.00	\$ 253,129.00	\$ (279,151.00)	\$ (606,880.00)	\$ (375,021.00)	\$ (1,312,309.00)	\$ 2,391,994.00	\$ (3,363.00)
Debt service as a percentage of noncapital expenditures	7.31%	7.34%	7.37%	7.63%	7.57%	% 96 .2	6.82%	6.43%	6.19%

Source: District records

BOARD OF EDUCATION BOROUGH OF HAWORTH

General Fund - Other Local Revenue by Source Last Ten Fiscal Years (modified accrual basis of accounting) Unaudited

Other	10,121 7,921 8,012 66,763 36,872	6,263 33,311
Prior Year <u>Refunds</u>	18,325 35,886	
tuda.	⇔	
Athletics and Activities Feees	· ↔	
Rentals	40 40 120 40 30,000	1,108
	♥	
Athletics	1	
Ath	⇔	
Interest	21,057 34,418 31,339 1,530 6,544	7,327
Tuition	118,360 193,600 218,787 177,484 115,637 82,075 45,277	
	⇔	
Summer <u>School</u>	, ↔	
Total	120,694 211,965 264,914 206,502 158,067 210,177 83,679 9,158	14,698 35,062
	↔	
Fiscal Year Ended June 30,	2003 2004 2005 2006 2007 2009 2010	2011

Source: District Records

BOARD OF EDUCATION BOROUGH OF HAWORTH

Haworth Borough Estimated Actual Table Table Estimated Actual Table Estimated Actual Table Estimated Actual Table Estimated Actual Clounty Equalized) Sand Clounty Equalized) Sand Table Table Table Estimated Actual Clounty Equalized) Sand Table Table Table Estimated Actual Table Table Estimated Actual Table Clounty Equalized) Table Estimated Actual Table Table Estimated Actual Table Table <th colspan<="" th=""><th></th><th></th><th>Assessed Value a</th><th>Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years Unaudited</th><th>Value of Taxable F Years</th><th>roperty,</th><th></th><th></th><th></th><th></th></th>	<th></th> <th></th> <th>Assessed Value a</th> <th>Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years Unaudited</th> <th>Value of Taxable F Years</th> <th>roperty,</th> <th></th> <th></th> <th></th> <th></th>			Assessed Value a	Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years Unaudited	Value of Taxable F Years	roperty,				
Total Assessed Public Net Valuation Countries Apartment Value State Taxable Countries Taxable Countries State Taxable Countries Taxable Countries State Taxable Countries State State Countries State Countries State Stat				Haworth Boro	qgh						
Total Assessed									Esti	mated Actua	
Industrial Apartment Value Utilities Taxable State						Total Assessed	Public	Net Valuation	Co Co	nty Equalized)	
\$ 10,270,542 \$ 10,	Residential Farm	Farm	Commercial	Industrial	Apartment	Value	Utilities	Taxable		Value	
729,397,400 357,045 729,754,445 732,739,300 336,767 733,076,067 742,422,500 226,855 742,701,355 750,426,300 2661,858 763,789,658 796,601,600 810,227 796,411,827 770,784,200 323,307 771,107,507 796,523,600 534,748 797,058,348 795,437,400 507,416 795,944,816		· •>	·	- \$, \$, 69	\$ 410,270,542	€9	588,017,834	
732,739,300 336,767 733,076,067 742,425,500 278,855 742,701,335 750,426,300 260,247 750,886,547 763,527,800 261,858 763,789,658 795,601,600 810,227 796,411,827 770,748,200 534,748 797,058,348 795,437,400 507,416 795,944,816	637,619,300		76,770,900			729,397,400	357,045	729,754,445		729,754,445	
742,422,500 278,855 742,701,355 750,426,300 260,247 750,865,547 750,865,547 750,865,547 750,865,641,600 810,227 796,411,827 770,784,200 323,307 771,107,507 796,523,600 534,748 797,058,348 795,944,816	640,147,700	٠	76,656,600			732,739,300	336,767	733,076,067		735,362,403	
750,426,300 260,247 750,686,547 750,686,547 750,686,547 753,527,800 261,858 763,789,658 755,601,600 810,227 770,784,200 323,307 771,107,507 796,523,600 5.43,748 797,058,348 795,437,400 507,416 795,944,816	646,633,500		78,821,500			742,422,500	278,855	742,701,355		841,932,183	
763,527,800 261,858 763,789,658 795,601,600 810,227 796,411,827 1 770,784,200 323,307 771,107,507 796,523,600 534,748 797,058,348 1 795,437,400 507,416 795,944,816 1	654,232,100		78,365,500			750,426,300	260,247	750,686,547		927,759,601	
795,601,600 810,227 796,411,827 1, 770,784,200 323,307 771,107,507 796,523,600 534,748 797,058,348 1, 795,437,400 507,416 795,944,816 1,	669,141,100		78,365,500			763,527,800	261,858	763,789,658		985,266,258	
770,784,200 323,307 771,107,507 796,523,600 534,748 797,058,348 1, 795,437,400 507,416 795,944,816 1,	681,880,900		98,935,300			795,601,600	810,227	796,411,827		1,054,551,126	
796,523,600 534,748 797,058,348 1 795,437,400 507,416 795,944,816 1	677,484,000		78,483,600			770,784,200	323,307	771,107,507		998,534,689	
795,437,400 507,416 795,944,816 1	683,091,200		98,935,300			796,523,600	534,748	797,058,348	•	1,047,745,035	
	683,084,200		97,551,200			795,437,400	507,416	795,944,816		1,036,587,284	

Total Direct School Tax Rate 0.793 0.457 0.457 0.528 0.528 0.578 0.578 0.578 0.578 0.578 0.578 0.573 0.617

Source: Municipal Tax Assessor

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years (rate per \$100 of assessed value) Unaudited

Haworth Borough

	Total Direct and Overlapping Tax Rate		3.330	1.990	2.100	2.170	2.290	2.388	2.394	2.447	2.552	2.640
Overlapping Rates	County		0.304	0.188	0.200	0.211	0.222	0.239	0.249	0.261	0.274	0.288
	Local School		1.363	0.845	0.884	0.903	0.919	0.940	0.962	0.981	1.013	1.032
	Municipality		0.870	0.521	0.559	0.599	0.642	0.681	0.681	0.687	0.692	0.703
ite	Total Direct School Tax Rate		0.793	0.436	0.457	0.457	0.507	0.528	0.502	0.518	0.573	0.617
School District Direct Rate	General Obligation Debt Service		0.053	0.029	0.024	0.023	0.023	0.023	0.025	0.023	0.025	0.029
	Basic Rate		0.740	0.407	0.433	0.434	0.484	0.505	0.477	0.495	0.548	0.588
	Fiscal Year Ended December 31,	,	2003	2004	2005	2006	2007	2008	5009	2010	2011	2012

Source: Municipal Tax Collector

Principal Property Taxpayers Current Year and Ten Years Ago Unaudited

Haworth Borough

Taxable	2012 % of	% of Total	Taxable	2002	% of Total
Assessed		District Net	Assessed		District Net
Value	Rank Assess	Assessed Value	Value	Rank	Assessed Value
51,789,000		6.51%			
26,843,600		3.37%			
10,479,100		1.32%			
5,462,100	•	%69.0			
1,985,400	_	0.25%			
1,859,800		0.23%			
1,651,200		0.21%			
1,621,900		0.20%			
1,553,800		0.20%			
1,534,600	:	0.19%			
104,780,500		13.16%			0.00%

Source: Municipal Tax Assessor

Property Tax Levies and Collections Last Ten Fiscal Years Unaudited

Haworth Borough

Collected within the Fiscal Year of the

Fiscal Year		Lev	_	Collections in	Total Collec	Total Collections to Date
Ended	Taxes Levied for		Percentage of	Subsequent		Dorontogo of
December 31,	the Fiscal Year	Amount	Levy	Years	Amount	reicentage of
2002	¥	6		•		
1000	÷	,	%00.0	· •	, 69	%00 [.] 0
2003	13,734,677	13,616,876	99.14%	110 664	13 727 540	%YO 00
2004	14,568,961	14 468 486	00 31%	900 00	04, 177, 40	0/ 100 00
3005	46 604 000	000000000000000000000000000000000000000	9 70.00	06,830	14,557,482	88.85%
2003	086,720,01	15,420,862	99.31%	100,032	15,520,894	%56.66
5006	16,162,933	16.031.220	99 18%	113 365	16 144 505	200000
2007	17.357.958	17 196 400	2000	0000	10,144,363	99.66%
3000	000,100,11	00,400	%10.86	162,823	17,349,223	99.94%
5000	18,311,450	18,157,740	99.16%	146,599	18,304,339	%96 66
5005	18,781,284	18,543,070	98.73%	213.516	19 756 596	89000
2010	10 511 710	10.037		200	000,000,001	93.00%
2	01/110/61	186,672,81	%87.86 38.78%	228,385	19,503,976	%96.66 66
1102	20,378,873	20,039,320	98.33%		20.039.320	98 33%
						2

Source: Municipal Tax Collector

Ratios of Outstanding Debt by Type Last Ten Fiscal Years Unaudited

	Per Capita 1,078 1,302 1,947 1,789 1,789 1,511 1,511 1,393 1,264
	Percentage of Personal Income 2.17% 2.54% 3.70% 3.52% 2.56% 2.25% 1.98% 1.73%
	Total District 3,642,088 4,392,195 6,540,537 6,4418 5,634,386 5,171,537 4,711,843 4,275,164 3,831,395
Business-Type Activities	Capital Leases
Governmental Activities	General Obligation Certificates of 6,000,132 Capital 6,000,132 Anticipation Leases 6,000 Anticipation Leases (BANs) School Facilities Loans (BANs) \$ 3,000,800 \$ - \$ 641,287.76 \$ 6,000,132 \$ 641,287.76 \$,932,000 \$ 5,257,000 \$ 487,736.49 \$ 487,736.49 \$,257,000 \$ 4,620,000 \$ 319,536.60 \$ 259,843.14 \$,697,000 \$ 3,697,000 \$ 134,395.04
	Fiscal Year Ended June 30, 2003 2004 2005 2006 2007 2008 2009 2010 2011

Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years Unaudited

General Bonded Debt Outstanding	toN
General Bond	

Per Capita 888 889 1,786 1,764 1,660 1,546 1,418 1,316 1,205 1,093
Percentage of Actual Taxable Value of Property 0.73% 0.41% 0.82% 0.80% 0.55% 0.69% 0.58% 0.51% 0.51%
Net General Bonded Debt Outstanding \$ 3,000,800 3,000,625 6,000,132 5,932,000 5,932,000 5,257,000 4,852,000 4,852,000 4,452,000 3,697,000
Deductions *
General Obligation Bonds \$ 3,000,800 \$,000,132 6,000,132 5,932,000 5,657,000 4,852,000 4,452,000 4,077,000 3,697,000
Fiscal Year Ended 2003 2004 2005 2006 2007 2009 2010 2011

Direct and Overlapping Governmental Activities Debt As of December 31, 2011 Unaudited

	Borough of
	Haworth
Net Direct Debt of School District	
as of December 31, 2011	\$ 3,897,000.00
Net Overlapping Debt of School District:	
Municipal (100%)	7.271.015.00
Regional School (100%)	1,944,022.00
County of Bergen Share (1)	4,223,506.59
	,
Bergen County Utilities Authority (Water Pollution) -	
Borough's share of \$252,781,291.00 at December 31, 2011 (.571%)	1,443,381.17
Total Direct and Overlapping Bonded Debt	
as of December 31, 2011	\$ 18,778,924.76

Source: Municipalities Chief Financial Officers and Bergen County Treasurer's Office

(1) Borough of Haworth - 0.57496%

BOARD OF EDUCATION BOROUGH OF HAWORTH

Legal Debt Margin Information Last Ten Fiscal Years Unaudited

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis 2009 2010 2010	Average equalized valuation of taxable property	Debt limit (3% of average equalization value) Total Net Debt Applicable to Limit Legal debt margin	Fiscal Year	2008 2009 2010 2011	\$ 27,133,506 \$ 28,713,614 \$ 29,746,160 \$ 30,524,912	5,634,386 5,171,537 4,711,843 4,275,164	\$ 21,499,120 \$ 23,542,077 \$ 25,034,317 \$ 26,249,748	20.77% 18.01% 15.84% 14.01%	Fiscal Year	<u>2003</u> <u>2004</u> <u>2005</u> <u>2006</u>	\$ 15,956,663 \$ 17,567,488 \$ 19,529,834 \$ 22,017,568	4,441,288 4,216,570 6,672,405 6,419,736	\$ 11,515,375 \$ 13,350,918 \$ 12,857,429 \$ 15,597,832	20 83% 24 DC 201 BC 201
					Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit			Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

Demographic and Economic Statistics Last Ten Fiscal Years Unaudited

		Unemployment Rate	%0.0	%0:0	3.5%	3.8%	3.4%	4.4%	7.9%	4.8%	4.8%	
	gh	Per Capita Personal Income	49,748	51,191	52,675	54,203	55,775	57,392	59,057	61,964 Actual	63,761	65,610 (Est)
Onaudited	Haworth Borough	Personal Income	168,098,503	172,717,406	176,988,757	182,284,040	188,351,123	195,133,325	202,091,435	209,562,248	215,639,553	221,893,100
		Population	3,379	3,374	3,360	3,363	3,377	3,400	3,422	3,382	3,382	3,382
		Year	2003	2004	2005	2006	2007	2008	5009	2010	2011	2012

Sources: Population information provided by the NJ Dept of Labor and Workforce Development Personal income has been estimated based upon the municipal population and per capita personal income presented Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

BOARD OF EDUCATION BOROUGH OF HAWORTH

Principal Employers Current Year and Ten Years Ago Unaudited

	Percentage of Total Municipal Employment		0.00%
2002	Rank [Optional]	Not Available	
	Employees		0
	Percentage of Total Municipal Employment		0.00%
2012	Rank [Optional]	Not Available	
	Employees		0
	Employer		

Source: Economic Development Partnership

BOARD OF EDUCATION BOROUGH OF HAWORTH

Full-time Equivalent District Employees by Function/Program Last Seven Fiscal Years Unaudited

Function/Program	2003	2004	2005	2006	2007	2008	5003	2010	2011	2012
Instruction Regular Special education Support Services: Health Services General administrative services Guidance- Professional/Support Child Study Team/Support Plant operations and maintenance Media Services Technology Principal/School Administration Child Care Regional Special Education Regional Transportation				2 π π π π π π π π π π π π π π π π π π π	42 - 9 - 9 9 8 8	43.5 12 1 6.75 1 4.9 5.6 2 2	43.5 12 1 6.75 1 4.9 2 2 2	54 C C C C C C C C C C C C C C C C C C C	8 0 - 6 - 4 - 2 2	74
Total	0	0	0	29	79	78.75	78.75	69.5	72	72

Source: District Personnel Records

BOARD OF EDUCATION BOROUGH OF HAWORTH

Operating Statistics Last Ten Fiscal Years Unaudited

	Student Attendance Percentage	96.73% 95.56% 95.56% 97.87% 96.14% 94.38% 95.08% 95.68% 95.88%
	% Change in Average Daily Enrollment	5.14% 5.38% 1.38% 6.80% -5.84% -1.45% -2.32% -0.21% -0.21%
	Average Daily Attendance (ADA)	473 492 499 546 505 505 489 481 466 466
	Average Dally Enrollment (ADE)	489 515 522 525 525 518 506 487 486
	Senior High School	
Pupil/Teacher Ratio	Middle School	
	Elementary	10:9.1 11:2.1 9:8.1 9:6.1 9:6.1 9:8.1 10:8.1 10:1.1
	Teaching Staff	5 4 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
	Percentage Change	6.32% 4.98% -0.01% 1.88% 9.42% 14.07% 1.16% 0.25%
	Cost Per Pupil	12,068 12,669 12,667 12,906 14,102 16,109 15,642 15,642 15,823 15,883 17,809
	Operating Expenditures	5,901,275 6,537,144 6,625,092 7,033,806 7,484,739 7,973,764 7,914,712 7,674,035 7,709,349 7,800,211
	Enrollment	489 516 523 545 530 530 666 485 485 486 486
	Fiscal	2003 2004 2005 2006 2007 2010 2010 2011

Source: District records

Note: Enrollment based on annual October district count.

DARD OF EDUCATION	ROUGH OF HAWORTH
ď	BOROL

School Building Information Last Ten Fiscal Years Unaudited

2012	75230 544 438
2011	75230 544 478
2010	75230 544 485
2009	75230 544 506
2008	75230 544 495
2007	59688 541 528
2006	59688 541 545
2005	59688 541 523
2004	59688 541 516
2003	59688 541 489
District Building	Elementary/Middle Haworth School: Square Feet Capacity (students) Enrollment

Elementary = 1 Middle School = 0 Senior High School = 0 Other= 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of alterations and additions. Enrollment is based on the annual October district count.

BOARD OF EDUCATION BOROUGH OF HAWORTH

General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

2009 64,998 2010 100,396 2011 92,264 2012 931,311 \$ 931,311 Ten Year <u>Total</u> Gross Building Area (SF) Project #(s) Total School Facilities School Facilities Building A

Undistributed Expenditures--Required Maintenance for School Facilities 11-000-261-xxx

O.

Source: Northern Valley Regional High School District records.

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"School facilities as defined under EFCFA. (N.J.A.C.6A:26-1.2 and N.J.A.C.6A:26A-1.3)

\$ 92,264

\$ 100,396

64,998

71.204

129,509

129,509

135,580

117,885

112,366 \$ 112,366

107,107

107,107 2004

2005

2003

117,885 2006

2007

2008

135,580

Insurance Schedule As of June 30, 2012 Unaudited

Package Policy- Selective Insurance Company		Coverage		<u>Deductible</u>
Property	\$	15,098,632	6	5.000
Flood and Earthquake	Ψ	5,000,000	3	5,000 50,000
Flood- withing Special Flood Hazard Area		1,000,000		500,000
Zones B Zones A and V				
Extra Expense		5,000,000		
Automobile Coverage		1,000,000		1,000
Comprehensive General Liability		2,000,000		
Crime (Non-Statutory Bonds)				
Per Employee		100,000		5,000
Blanket Employee Dishonesty		400,000		
Forgery and Alteration		50,000		1,000
Boiler and Machinery		250,000		5,000
Environmental		1,000,000		15,000
		20,000,000	Group Aggregate	
Compulsory Student Accident- Maksin Group National Union		1,000,000		
Voluntary Student Accident (excluding football)- Bollinger/Monumental Life		500,000		
Voluntary Dental Accident- Bollinger/Monumental Life		5,000		
Volunteer Accident Policy- Maksin Group National Union		250,000		
Selective Insurance Company Surety Bonds:				
Treasurer of School monies		175,000		
Board Secretary		175,000		

Source: District records

Single Audit Section



T. M. Vrabel & Associates, LLC Accountants and Auditors



Timothy M. Vrabel, RMA, PSA Chris C. Hwang, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable President Members of the Board of Education Borough of Haworth School District County of Bergen, New Jersey

We have audited the basic financial statements of the Borough of Haworth School District as of and for the year ended June 30, 2012, and have issued our report thereon dated October 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in <u>Government Auditing Standards</u> issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of Borough of Haworth School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Haworth School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Haworth School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Haworth School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Haworth School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under <u>Governmental Auditing Standards</u> and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of management, the Borough of Haworth School District and the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

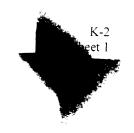
Timothy M. Vrabel Public School Accountant License No. CS000698

Chris C. W. Hwang Certified Public Accountant License No. CC033704

October 12, 2012



T. M. Vrabel & Associates, LLC Accountants and Auditors



Timothy M. Vrabel, RMA, PSA Chris C. Hwang, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL

EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

IN ACCORDANCE WITH OMB CIRCULAR A-133 AND

NEW JERSEY OMB CIRCULAR LETTER 04-04

The Honorable President Members of the Board of Education Borough of Haworth School District County of Bergen, New Jersey

Compliance

We have audited the compliance of the Borough of Haworth School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012. Borough of Haworth School District major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Borough of Haworth School District's management. Our responsibility is to express an opinion on Borough of Haworth School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, <u>Audits of States</u>, <u>Local Governments</u>, and <u>Non-Profit Organizations</u>; and New Jersey Office of Management and Budget Circular Letter 04-04 <u>Single Audit Policy for Recipients of Federal Grants</u>, <u>State Grants and State Aid</u>. Those standards, OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Borough of Haworth School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Borough of Haworth School District's compliance with those requirements.

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In our opinion, the Board of Education of the Borough of Haworth School District, in the County of Bergen, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012

Internal Control Over Compliance

The management of Borough of Haworth School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Borough of Haworth School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Haworth School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Haworth School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, the Borough of Haworth School District, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Timothy M. Vrabel Public School Accountant

License No. CS000698

Chris C. W. Hwang

Certified Public Accountant License No. CC033704

October 12, 2012

							HINDAM							
	i				Schedule of Expe For the F	e of Expenditures of Federal Awards, Sch For the Fiscal Year Ended June 30, 2012	Schedule of Expenditures of Federal Awards, Schedule A For the Fiscal Year Ended June 30, 2012	⋖						
Federal GrantorPass-Through <u>Grantor/Program Title</u>	CFDA Or Grant	Grant Period	Award	Balance July 1, 2011	Adjustments	Cash	BUDGET	BUDGETARY EXPENDITURES Accounts	TURES		Repayment of	Balance	Balance June 30, 2012	
U.S. Department of Education Passed - Through State Department of Education:							Usbursements	Payable	Encumbrances	Total	Balances	Accounts Receivable	Deferred Revenue	Due to Grantor
General Funds: ARRA Education Jobs Fund Total U.S. Department of Education (Fund 10)		84.410A 7/1/11-6/30/12 \$ 12,939.00	\$ 12,939.00	, 49	, 49	\$ 12,094.00	12 939 00							
E.S.E.A. Title III	84.365A 84.027A	9/1/11-8/31/12	2,241.00			12,094.00	12,939.00	,	,	12,939.00		(845.00) \$,	,
I.D.E.A. Part B. Basic I.D.E.A. Part B. Basic I.D.E.A. Part B. Preschool	84.027A 84.027A 84.027A	9/1/10-8/31/12 9/1/10-8/31/11 9/1/06-8/31/07 9/1/11 8/21/22	96,038.00 93,938.00 92,850.00	(56,518.00) 1.00		2,241.00 96,038.00 56,518.00	2,241.00 96,038.00			2,241.00		F 3		
ARRA I.D.E.A., Basic Total U.S. Department of Education (Fund 20)		9/1/06-8/31/07 7/1/09-8/31/11	1,746.00 3,952.00 101,328.00	3,952.00		1,746.00	1,746.00			1,746.00	1.00			
Total Federal Financial Assistance				(52,526.84)	•	180,731.00	125,903.00	.		125,903,00	3,952.00		Агадра	38.16
The accompanying Notes to constitution				(52,526.84)		\$ 192,825.00	\$ 138,842.00 \$	*		\$ 138,842.00 \$	3.953.00	3.953.00 \$ 72.626.00	***************************************	38.16

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

\$ 38.16

\$ 138,842.00 \$ 3,953.00 \$ (2,535.00) \$

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BOARD OF EDUCATION BOROUGH OF HAWORTH Schedule of Expenditures of State Financial Assistance, Schedule B For the Fiscal Year Ended June 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant	Award	Balance			BUDGET	BUDGETARY EXPENDITURES	BES					
State Department of Education:		DOLLA	Amount	July 1, 2011	Adjustments	Received	Disbursements	Accounts	Encumbrances		Repayment of Prior Years'	Accounts	Balance June 30, 2012	
General Funds: Categorical Special Education Aid	10 AOE 07									lotal	Balances	Receivable	Revenue	Due to Grantor
Extraordinary Aid Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	\$ 155,076.00 \$,	\$ 145,329.00	300 020 334							
Non-Public Transportation Aid Reimbursed TPAF Social Security Contribution	12-495-034-5120-014	7/1/10-6/30/11	7,592.00	(7,592.00)		7,592.00	•	,	,	155,076.00 \$,	(9,747.00)	,	,
On-Behalf TPAF Pension Contributions Total General Funds	12-495-034-5095-001	7/1/11-6/30/12 7/1/11-6/30/12	274,954.47	,		261,985.13	3,782.00			3,782.00		(4,450.00)		
Special Revenue Funds:			. ,	(7,592.00)		347,366.00	347,366.00		1	274,954.47	1	(12,969.34)		
Textbook Aid Nursing Services	12-100-034-5120-064	7/1/11-6/30/12	,						I	/85,628.47	į	(30,948.34)		
Total Special Revenue Funds	12-100-034-5120-070	7/1/11-6/30/12	628.00	,	(628.00) (1)	439.92	439.92			:				
Debt Service Funds: Debt Service Akt - State Support				,	(628.00)		439.92		1	439.92		٠,		,
Total All Funds	12-483-034-5120-125	7/1/11-6/30/12	72,410.00			72,410.00	72.410.00							
(1) Returned to State			ωl	\$ (00.265.7)	(628.00)	\$ 835,750.05	oc att ays		1	72,410.00		*		
						,	020,478.39 \$	ا» ا		858.478.39	•			

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

BOARD OF EDUCATION BOROUGH OF HAWORTH NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 2012

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Borough of Haworth School District Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent year due to the state deferral and recording of the state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more deferred June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION BOROUGH OF HAWORTH NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 2012 (CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(9,747.00) for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

General Fund Special Revenue Fund Debt Service Fund Food Service Fund	Federal \$ 12,939.00 100,025.00 0.00 0.00.	\$\frac{\text{State}}{3775,881.47} \\ 439.92 \\ 72,410.00 \\ \ \ 0.00	Total \$ 768,820.47 100,464.92 72,410.00 0.00
Total Awards and Financial Assistance	\$112,964.00	\$ 848,731.39	\$ 961,695.39

Note 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for post-retirement medical benefits and the normal and accrued liability pension costs for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

BOARD OF EDUCATION BOROUGH OF HAWORTH SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

Part I – Summary of Auditor's Results

rmancial Statement Section	
A) Type of auditor's report issued:	Unqualified
B) Internal Control over financial reporting:	
 Material weakness(es) identified? Were significant deficiencies identified that were not considered to be material weaknesses? 	yesX_noyesX_none reported
C) Noncompliance material to basic financial statements noted?	yesX_no
Federal Awards Section Not Applicable	
State Financial Assistance Section	
F) Dollar threshold used to determine Type A Programs	\$300,000.00
K) Auditee qualified as low-risk auditee?	X yes no
L) Type of auditor's report on compliance for major programs.	Unqualified
M) Internal Control over compliance:	
 Material weakness(es) identified? Were significant deficiencies identified that were not considered to be 	yesXno
material weaknesses?	yesXnone reported
N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04?	yes <u>X</u> no
O) Identification of major programs:	
GMIS Number(s)	Name of State Program
12-495-034-5095-002	Reimbursed TRAF Social
·	Security Contribution

BOARD OF EDUCATION BOROUGH OF HAWORTH SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012 (CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Not Applicable

BOARD OF EDUCATION BOROUGH OF HAWORTH SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012 (CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Not Applicable

BOARD OF EDUCATION BOROUGH OF HAWORTH SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT FOR THE YEAR ENDED JUNE 30, 2012

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

Not Applicable